TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C.P. AND SUBSIDIARIES
STATE OF KUWAIT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH
INDEPENDENT AUDITOR'S REPORT

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STATE OF KUWAIT

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CONTENTS

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Taameer Real Estate Investment Company K.S.C.P.
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Taameer Real Estate Investment Company K.S.C.P ("the Parent Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and 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 December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 these requirements and 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. For each matter below, our description of how our audit addressed is provided in that context:

Investment properties valuation

The investment properties represent 37.4% of the Group total assets as of December 31, 2020 (2019: 36.5%) which fair valued with an amount of KD 8,461,000 (2019: KD 8,749,000) as of the same date by independent, competent real estate valuers using commonly valuation techniques.

The valuation of investment properties is important to our audit as it represents a significant judgment area, which is highly dependent on estimates. Therefore, we have identified the valuation of investment properties as a key audit matter. These valuations among others are based on assumptions, such as estimated rental revenues, discount rates, occupancy rates, market knowledge, developers' risk and historical transactions.

In estimating the fair value of investment properties, appraisers used valuation techniques such as income capitalization and sales comparison, taking into consideration the nature and usage of these investment properties. We have reviewed the valuation reports from the licensed appraisers on sample basis. We further focused on the adequacy of the disclosures regarding the valuation of investment properties. Disclosures of this item are included in Note (7) to the consolidated financial statements.

Impairment losses of property, plant and equipment
The Group's property, plant and equipment includes land with a net book value of KD 10,538,000 as of December 31, 2020 (2019: KD 11,013,000), which represents a significant part of the Group's total assets. Property, plant and equipment are accounted for at cost less accumulated depreciation and impairment losses which is estimated by determining the recoverable value.

Assessing the impairment losses of this property, represents a significant judgment area, which is highly dependent on estimates. Therefore, we have identified the assessment of impairment losses of this property as a key audit matter. The Group's policy is to evaluate this property by licensed appraisers on an annual basis. These valuations among others are based on assumptions, such as, occupancy rates, market knowledge, developers' risk and historical transactions.

For assessing the impairment losses of this property, appraisers used valuation techniques such as market comparable, taking into consideration the nature and usage of this property. We have reviewed the valuation reports from the licensed appraisers. We further focused on the adequacy of the disclosures regarding the valuation of this property. Disclosures of this item are included in Note (8) to the consolidated financial statements.

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 Group's 2020 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We have 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 Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information attached to it, and we do not, and we will 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 Parent Company'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 auditor's 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 do the following:

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Group.

- 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.

RSM

Report on Other Legal and Regulatory Requirements

Also, 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 have obtained the information that we require to perform our audit, and the consolidated financial statements include the disclosures required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, physical stocktaking was carried out in accordance with recognized practice. According to the information available to us there were no contraventions during the year ended December 31, 2020 of either the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, which might have materially affected the Parent Company's operations or its consolidated financial position. Except that the Parent Company is not committed to held the minimum number of Board of Directors' meetings in accordance with Article No.190 of Companies Law No. 1 of 2016.

Furthermore, we are not aware of any material violations of the provisions of Law 7 of 2010, and its Executive Regulations, as amended, relating to the Capital Markets Authority and its related regulations during the year ended December 31, 2020 that might have had a material effect on the Parent Company's financial position or results of its operations.

Nayef M. Al Bazie
License No. 91-A
RSM Albazie & Co.

State of Kuwait
March 30, 2021

TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
All amounts are in Kuwaiti Dinars

ASSETS	Note	2020	2019
Current assets:			
Cash and cash equivalents	3	**747,000**	1,148,584
Financial assets at fair value through profit or loss	4	**1,183,230**	1,254,427
Accounts receivable and other debit balances		**68,573**	64,534
Due from related parties	5	**891,163**	779,866
Inventories		**23,247**	66,849
Total current assets		**2,913,213**	3,314,260
Non-current assets:			
Financial assets at fair value through other comprehensive income	6	**722,816**	761,054
Investment properties	7	**8,461,000**	8,749,000
Property, plant and equipment	8	**10,555,656**	11,126,796
Total non-current assets		**19,739,472**	20,636,850
Total assets		**22,652,685**	23,951,110
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and other credit balances	9	**544,865**	711,969
Due to related parties	5	**1,292,776**	1,417,751
Total current liabilities		**1,837,641**	2,129,720
Non-current liabilities:			
Finance lease payable	10	**5,750,000**	5,750,000
Provision for end of service indemnity	11	**19,590**	13,942
Total non-current liabilities		**5,769,590**	5,763,942
Total liabilities		**7,607,231**	7,893,662
Shareholders' equity:			
Share capital	12	**24,000,000**	24,000,000
Share premium		**3,383,153**	3,383,153
Treasury shares	16	**(652,215)**	(652,215)
Statutory reserve	13	**16,963**	16,963
Voluntary reserve	14	**16,963**	16,963
Cumulative changes in fair value reserve		**(1,431,882)**	(1,393,644)
Foreign currency translation reserve		**7,421**	7,726
Accumulated losses		**(10,734,172)**	(9,849,091)
Equity attributable to shareholders of the Parent Company		**14,606,231**	15,529,855
Non-controlling interests	15	**439,223**	527,593
Total equity		**15,045,454**	16,057,448
Total liabilities and shareholders' equity		**22,652,685**	23,951,110

The accompanying notes (1) to (27) form an integral part of the consolidated financial statements.

Ziad A. Al-Duaij
Chairman

TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020
(All amounts are in Kuwaiti Dinars)

	Note	2020	2019
Continuing operations:			
Operating revenue		**486,765**	586,543
Operating costs	17	**(222,856)**	(267,168)
Gross profit		**263,909**	319,375
General and administrative expenses	18	**(357,181)**	(551,117)
Depreciation	8	**(1,895)**	(1,748)
Unrealized (loss) gain from financial assets at fair value through profit or loss	4	**(71,197)**	13,561
Provision for expected credit losses		**-**	(42,583)
Change in fair value of investment properties	7	**(300,800)**	(94,227)
Impairment loss of property, plant and equipment	8	**(475,000)**	(2,358,002)
Other income	19	**42,498**	372,245
Interest income		**4,711**	3,911
Finance costs	5	**(230,724)**	(299,518)
Loss for the year from continuing operations		**(1,125,679)**	(2,638,103)
Discontinued operations:			
Profit for the year from discontinued operations	20	**152,228**	1,353,530
Profit for the year from discontinued operations		**152,228**	1,353,530
Net loss for the year		**(973,451)**	(1,284,573)
Attributable to:			
Shareholders of the Parent Company from continuing operations		**(1,018,215)**	(2,272,599)
Non-controlling interests from continuing operations		**(107,464)**	(365,504)
Net loss for the year from continuing operations		**(1,125,679)**	(2,638,103)
Attributable to:			
Shareholders of the Parent Company from discontinued operations	20	**133,134**	1,183,757
Non-controlling interests from discontinued operations	20	**19,094**	169,773
Net profit for the year from discontinued operations		**152,228**	1,353,530
Losses per share attributable to Shareholders of the Parent Company			
Basic and diluted losses per share from continuing operations (fils)	21	**(4.42)**	(9.87)
Basic and diluted profit per share from discontinued operations (fils)	21	**0.58**	5.14
Total basic and diluted losses per share attributable to shareholders of the Parent Company (fils)		**(3.84)**	(4.73)

The accompanying notes (1) to (27) form an integral part of the consolidated financial statements.

TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(All amounts are in Kuwaiti Dinars)

	Note	**2020**	2019
Net loss for the year		**(973,451)**	(1,284,573)
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Exchange difference on translating foreign operations		**(305)**	(1,996)
Item that will not be reclassified subsequently to consolidated statement of profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income	6	**(38,238)**	6,036
Other comprehensive (loss) income for the year		**(38,543)**	4,040
Total comprehensive loss for the year		**(1,011,994)**	(1,280,533)
Attributable to:			
Shareholders of the Parent Company		**(923,624)**	(1,084,802)
Non-controlling interests	15	**(88,370)**	(195,731)
		(1,011,994)	(1,280,533)

The accompanying notes (1) to (27) form an integral part of the consolidated financial statements.

TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders										
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Cumulative changes in fair values reserve	Foreign currency translation reserve	Accumulated losses	Total	Non - controlling interests	Total equity
Balance as at December 31, 2018	24,000,000	3,383,153	(652,215)	16,963	16,963	(1,417,931)	9,722	(8,741,998)	16,614,657	723,324	17,337,981
Net loss for the year	-	-	-	-	-	-	-	(1,088,842)	(1,088,842)	(195,731)	(1,284,573)
Other comprehensive income (loss) for the year	-	-	-	-	-	6,036	(1,996)	-	4,040	-	4,040
Total comprehensive income (loss) for the year	-	-	-	-	-	6,036	(1,996)	(1,088,842)	(1,084,802)	(195,731)	(1,280,533)
Impact of disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	18,251	-	(18,251)	-	-	-
Balance at December 31, 2019	24,000,000	3,383,153	(652,215)	16,963	16,963	(1,393,644)	7,726	(9,849,091)	15,529,855	527,593	16,057,448
Net loss for the year	-	-	-	-	-	-	-	(885,081)	(885,081)	(88,370)	(973,451)
Other comprehensive loss for the year	-	-	-	-	-	(38,238)	(305)	-	(38,543)	-	(38,543)
Total comprehensive loss for the year	-	-	-	-	-	(38,238)	(305)	(885,081)	(923,624)	(88,370)	(1,011,994)
Balance at December 31, 2020	**24,000,000**	**3,383,153**	**(652,215)**	**16,963**	**16,963**	**(1,431,882)**	**7,421**	**(10,734,172)**	**14,606,231**	**439,223**	**15,045,454**

The accompanying notes (1) to (27) form an integral part of the consolidated financial statements.

TAAMEER REAL ESTATE INVESTMENT COMPANY K.S.C.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(All amounts are in Kuwaiti Dinars)

	Note	**2020**	2019
Cash flows from operating activities:			
Loss for the year from continuing operations		**(1,125,679)**	(2,638,103)
profit for the year from discontinued operations		**152,228**	1,353,530
		(973,451)	(1,284,573)
Adjustment for:			
Depreciation	8	**46,072**	70,851
Unrealized loss (gain) from financial assets at fair value through profit or loss	4	**71,197**	(13,561)
Provision for expected credit losses		**-**	42,583
Gain on disposal of property, plant and equipment	20	**(45,572)**	-
Loss from write off property, plant and equipment	20	**50,251**	174
Impairment loss of property, plant and equipment	8	**475,000**	2,358,002
Change in fair value of investment properties	7	**300,800**	94,227
Provision for end of service indemnity	11	**5,357**	57,582
Interest income		**(4,711)**	(3,911)
Finance cost	5	**230,724**	299,518
		155,667	1,620,892
Changes in working capital:			
Accounts receivable and other debit balances		**(4,039)**	33,878
Due from related parties		**(111,297)**	51,223
Inventories		**43,602**	32,869
Accounts payable and other credit balances		**(167,104)**	(578,072)
Due to related parties		**(124,975)**	(295,904)
Cash flows (used in) generated from operations		**(208,146)**	864,886
End of service indemnity paid	11	**-**	(227,601)
Net cash flows (used in) generated from operating activities		**(208,146)**	637,285
Cash flows from investing activities			
Purchase of property, plant and equipment	8	**(315)**	(32,520)
Proceeds from disposal of property, plant and equipment		**45,705**	-
Additions on investment properties	7	**(12,800)**	(14,227)
Proceeds from disposal of financial assets at fair value through other comprehensive income		**-**	5,182
Interest income received		**4,711**	3,911
Net cash flows generated from (used in) investing activities		**37,301**	(37,654)
Cash flows from financing activities			
Finance cost paid		**(230,724)**	(299,518)
Net cash flows used in financing activities		**(230,724)**	(299,518)
Foreign currency translation adjustments		**(15)**	(2,020)
Net (decrease) increase in cash and cash equivalents		**(401,584)**	298,093
Cash and cash equivalents at beginning of the year		**1,148,584**	850,491
Cash and cash equivalents at end of the year	3	**747,000**	1,148,584

The accompanying notes (1) to (27) form an integral part of the consolidated financial statements.

1. Incorporation and activities

Taameer Real Estate Investment Company K.S.C.P. (the "Parent Company") was incorporated as a Kuwaiti shareholding company and is listed on the Kuwait Stock Exchange. The Parent Company in accordance with Articles of Association Ref No. 1168 Volume 3 dated on August 17, 1978 and its subsequent amendments in which latest was registered in the commercial register on September 22, 2014.

The main activities of the Parent company are as follows:

- Acquire, sell and purchase shares and bonds of real estate companies for the Company's account only within Kuwait and abroad;
- Develop studies and provide consulting in all types of real estate fields provided that the persons providing this service shall meet the required conditions;
- Acquire, manage, rent and lease hotels, health clubs and touristic facilities;
- Manage, operate, invest, rent and lease hotels, health clubs, motels, hospitality houses, rest houses, parks, gardens, exhibitions, restaurants, cafeterias, housing complexes, touristic and health resorts, entertainment and sports projects and shops at all degrees and levels including all primary and auxiliary services, associated facilities and other necessary services;
- Organize real estate exhibitions related to Company's real estate projects in accordance with the Ministry's applicable regulations;
- Acquire and manage commercial markets and residential complexes; and
- Hold real estate auctions in accordance with the Ministry's applicable regulations.

The registered address of the Parent company registered office is P.O. Box 29295 Safat, 13153– State of Kuwait.

The consolidated financial statements were authorized by Board of Directors for issue on March 30, 2021. The Shareholders' Annual General Assembly has the authority to amend these financial statements after issuance. The accompanying consolidated financial statements are subject to approval from the Parent Company's shareholders General Assembly meeting. The shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

a) Basis of preparation

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Significant accounting policies are summarized as follows:

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost basis, except for Financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI"), and investment properties which are carried at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is 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 preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(y). The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended December 31, 2019, except for the impact of the COVID-19 outbreak on the Group which is detailed in Note 27.

New and amended IFRS Standards that are effective for the current year:
The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2020:

Amendments to IFRS 3 – Definition of a Business
The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:
- 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.

These amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 – Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the consolidated financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

The Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 – Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no material impact on the consolidated financial statements of the Group.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New and revised IFRS Standards in issue but not yet effective
At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued on March 29, 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
In May 2020, the IASB issued amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies. The amendments are not expected to have a material impact on the Group.

Amendments to IAS 37 – Onerous Contracts: Costs of Fulfilling a Contract
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Annual Improvements to IFRS Standards 2018-2020 cycle
The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
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. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

These amendments, revisions and standards are not expected to have any material impact on the Group's consolidated financial statements.

b) Basis of consolidation:
The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding 2020	2019
Al Corniche Marine Club Company K.S.C. (Closed)	State of Kuwait	Health Club	**87.457%**	87.457%
RAM Three Real Estate Company K.S.C. (Closed) (a)	State of Kuwait	Real estate	**97%**	97%
Sezva International Restaurant Company W.L.L.	State of Kuwait	Hospitality	**98%**	98%
Mekse For Real Estate Development Holding S.A.L.and its subsidiary	Lebanon	Real estate	**100%**	100%
Taamer Hospitality for Hotel Management S.A.E. (under liquidation)	Egypt	Hospitality	**100%**	100%
Taamer Hotel Management Company and Consultancy S.A (under liquidation)	Morocco	Hospitality	**100%**	100%

(a) The Parent Company effectively owns 100% equity interest in the above entities. Accordingly, the consolidated financial statements have been prepared on this basis. The ownership of the remaining equity interest in these subsidiaries is registered in the name of related parties as nominees. However, the Parent Company is the beneficial owner for 100% equity interest.

Subsidiaries are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- Has power over the investee.
- Is exposed or has rights to variable returns from its involvement with the investee.
- Has the ability to use its power to affect its returns.

The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. 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 interest.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) <u>Current vs non-current classification:</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

d) Financial instruments

The Group classifies its financial instruments as "financial assets" and "financial liabilities. Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, financial assets at fair value through profit or loss, accounts receivable, due from/to related parties, financial assets at fair value through other comprehensive income, accounts payable and finance lease liabilities.

Financial assets:

Classification of financial assets

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the year.

Initial recognition

Purchases and sales of those financial assets are recognized on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVPL.

Derecognition

A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either: (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) Has neither transferred nor retained substantially all the risks and rewards of the financial asset but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Measurement categories of financial assets

The Group classifies its financial assets upon initial recognition into the following categories:

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to consolidated statement of profit or loss on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses to consolidated statement of profit or loss on derecognition.
- Financial assets at fair value through profit or loss FVPL.

Debt instruments at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified, or impaired.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating and recognizing interest revenue or interest expense in profit or loss over the relevant period. In general, effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Cash and cash equivalents, accounts receivables and amounts due from related parties are classified as debt instruments at amortized cost.

- **Cash and cash equivalents**

  Cash and cash equivalents include cash in hand and at banks, short term bank deposits with highly liquid maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

- **Trade receivables**

  Receivables are amounts due from customers and tenants for units rented or services performed in the ordinary course of business and is recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Financial assets at FVPL
Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVPL. Specifically:

- Investments in equity instruments are classified as at FVPL, unless the Group designates an equity investment as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see above) are classified as at FVPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Changes in fair value, gain on disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they are neither held for trading nor a contingent consideration arising from a business combination. Such classification is determined on an instrument-by- instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. 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 customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship.

For related party balances, the Group has applied a forward-looking approach wherein recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach for the balances due from related parties, the Group applies a three-stage assessment to measuring ECL as follows:

- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk and
- Stage 2 (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low
- 'Stage 3' (credit impaired) - financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

In assessing whether the credit quality on a financial instrument has deteriorated significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

'12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stage 2 and 3. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVPL or at amortized cost using effective interest rate method.

Financial liabilities at amortized cost

Financial liabilities that are not at FVPL as above are measured subsequently at amortized cost using the effective interest method.

Accounts payable

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective return method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

A financial liability is derecognized 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Offsetting of financial assets and liabilities:

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

e) Inventories:

Inventories are valued at the lower of cost or net realizable value after providing allowances for any obsolete or slow-moving items. Costs comprise direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using first in first out method.

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Write-down is made for obsolete and slow-moving items based on their expected future use and net realizable value.

f) Investment properties

Investment properties comprise completed property, property under construction or re-development that are held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment properties are stated at their fair value at the end of reporting period. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they arise.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. 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.

g) Property and equipment

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to statement of profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Property and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in statement of profit or loss for the period. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Land is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of other Property, Plant and equipment as follows:

	Years
Tools and equipment	3-5
Decorations	3-5
Furniture and fixtures	3-5
Vehicles	3-5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

h) Impairment of non- financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Such component of the group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as discontinued operations.

In consolidated statement of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss is reported separately in consolidated statement of profit or loss.

j) End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period and approximates the present value of the final obligation.

k) Dividend distribution to shareholders

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized, and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

l) Share capital

Ordinary shares are classified as shareholder's equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

m) Share premium:

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

n) Treasury shares:

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized 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, reserves, and then share premium respectively. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any component of the Group purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Parent Company's shareholders.

o) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group applies a five-step model are as follows to account for revenue arising from contracts:

- Step 1: Identify the contract with the customer – A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify the performance obligations in the contract – A performance obligation is a promise in a contract with the customer to transfer goods or services to the customer.
- Step 3: Determine the transaction price – The transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring promised good or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contracts – For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group exercises judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes revenue 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. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the asset.
- The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

Incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. Sales commission incurred by the Group is expensed as the amortization period of such costs is less than a year.

Revenue for the Group arises from the following activities:

Rental income
Rental income is recognized, when earned, on a time apportionment basis.

Health club income
Health club income represents membership fees that are recognized on completion of the underlying transaction a time apportionment basis.

Interest income
Interest income is recognized on an accrual basis using effective interest method.

Other income
Other income is recognized on an accrual basis.

p) Provisions:
A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Contingent liabilities recognised in a business combination
Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount recognized initially less cumulative amount of income recognized in accordance with the principles of IFRS 15.

Onerous contracts
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

Provisions are not recognized for future operating losses.

q) Borrowing costs:
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in consolidated statement of profit or loss in the period in which they are incurred.

r) Leases:

Group as a lessor
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All other leases are classified as finance leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract.

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

s) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, National Labor Support Tax, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates and transfer to statutory reserve and any accumulated losses. No KFAS has been provided for the year ended December 31, 2020 and December 31, 2019, since there was no eligible profit on which KFAS could be calculated.

t) Zakat
Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations. No Zakat has been provided for the year ended December 31, 2020 and December 31, 2019, since there was no eligible profit on which KFAS could be calculated.

u) National Labor Support Tax (NLST):

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from associates listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations. No NLST has been provided for the year ended December 31, 2020 and December 31, 2019, since there was no eligible profit on which NLST could be calculated.

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v) Foreign currencies:

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity instruments which are classified as financial assets at fair value profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as FVOCI are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed of.

w) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

x) Segment reporting:

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

y) Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) <u>Judgments</u>

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

- <u>Revenue Recognition:</u>
  Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in Note (2 - o) are met requires significant judgment.

- <u>Provision for expected credit losses and inventories</u>
  The determination of the recoverability of the amount due from customers and the marketability of the inventories and the factors determining the impairment of the receivable and inventories involve significant judgment.

- <u>Classification of financial assets:</u>
  On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortized cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in Note (2 - d).

- <u>Control assessment:</u>
  When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Group's power to affect the investee's variable returns requires significant judgment.

- <u>Material non-controlling interests:</u>
  The Parent Company's management considers any non-controlling interests which accounts for 5% or more of the related subsidiary's equity as material. Disclosures pertaining to those non-controlling interests are set out in (Note 15).

- <u>Classification of Land:</u>
  Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

  - <u>Properties under development</u>
    When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development within properties held for trading.

  - <u>Work in progress</u>
    When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress within investment properties or property, plant and equipment respectively.

  - <u>Properties held for trading</u>
    When the intention of the Group is to sell land in the ordinary course of business, the land is classified as properties held for trading.

- Investment properties
  When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

- Leases:
  Critical judgements required in the application of IFRS 16 include, among others, the following:
  - Identifying whether a contract (or part of a contract) includes a lease;
  - Determining whether it is reasonably certain that an extension or termination option will be exercised;
  - Classification of lease agreements (when the entity is a lessor);
  - Determination of whether variable payments are in-substance fixed;
  - Establishing whether there are multiple leases in an arrangement,
  - Determining the stand-alone selling prices of lease and non-lease components.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

- Provision for allowance for expected credit losses and inventories
  The extent of provision for expected credit losses and inventories involves estimation process. Provision for expected credit losses is based on a forward looking ECL approach as explained in Note (2- d). Bad debts are written off when identified. The carrying cost of inventories is written down to their net realizable value when the inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable and inventories are subject to management approval.

- Valuation of investment properties
  The Group carries its investment properties at fair value, with change in fair values being recognized in consolidated statement of profit or loss. Main methods were used to determine the fair value of the investment properties:

  a) Income approach, where the property's value is estimated based on the its income produced, and is computed by dividing the property's net operating income by the expected rate of return on the property in the market, known as 'Capitalization Rate'.

  b) Comparative analysis using values of actual deals transacted recently by other parties for properties in a similar location and condition and based on the knowledge and experience of the real estate appraiser.

- Fair value of unquoted financial assets
  If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

- Useful lives of depreciable assets
  The Group reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of assets. Uncertainties in these estimates mainly relate to obsolescence and changes in operations.

- Impairment of non-financial assets
  Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

- Leases
  Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:
  - Estimation of the lease term;
  - Determination of the appropriate rate to discount the lease payments;
  - Assessment of whether a right-of-use asset is impaired.

3. Cash and cash equivalents

	2020	2019
Cash on hand	**3,050**	22,588
Cash at banks	**443,950**	1,125,996
Short-term deposits	**300,000**	-
	747,000	1,148,584

Short term deposits carried an average interest rate of 1.25% per annum for the year ended December 31, 2020, the deposit contractually matures within 90 days.

4. Financial assets at fair value through profit or loss

	2020	2019
Held for trading		
Equity securities in investment portfolio	**1,183,230**	1,254,427
	1,183,230	1,254,427

The fair value measurement of financial assets designated at FVTPL has been categorized under Level 1 of the fair value hierarchy based on the inputs and valuation mechanisms used that are consistent with the principles of IFRS 13. No transfers have been made between levels 1, 2 and 3 of the fair value hierarchy during the year (Note 24).

The Group's investment in financial assets at fair value through profit or loss is registered in the name of a related party and the Group has the right to dispose these assets based on the statement of portfolio manager.

The movement during the year is as follows:

	2020	2019
Balance at the beginning of the year	**1,254,427**	1,240,866
Change in fair value	**(71,197)**	13,561
Balance at the end of the year	**1,183,230**	1,254,427

5. Related party disclosures

The Group has entered into various transactions with related parties, i.e., Major shareholders, key management personnel, and other related parties. Prices and terms of payment are to be approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the consolidated statement of financial position:

	Shareholders	Other related parties	2020	2019
Financial assets at fair value through profit or loss	**1,183,230**	**-**	**1,183,230**	1,254,427
Financial assets at fair value through other comprehensive income	**548,174**	**-**	**548,174**	581,159
Due from related parties	**909,729**	**523,972**	**1,433,701**	1,322,404
Less: provision for expected credit losses	**(18,566)**	**(523,972)**	**(542,538)**	(542,538)
	891,163	**-**	**891,163**	779,866
Due to related parties	**1,189,121**	**103,655**	**1,292,776**	1,417,751
Finance lease payable	**5,750,000**	**-**	**5,750,000**	5,750,000

The due from / to related parties are non-interest bearing and receivable/ payable on demand. Except the following balances:

- Balance due to a related party of KD 1,185,000 which carries no interest and is due no later than December 31, 2022 (Note 7).
- Finance lease payable, with an amount of KD 5,750,000, which carries an interest rate of 2.25% annually over Central Bank of Kuwait discount rate. The principal of the finance lease payable is due during the period of the contract which is agreed to be five year ending on November 28, 2023.

During the year ended December 31, 2018, an investment property was acquired from a related party with a total consideration of KD 5,000,000. As of December 31, 2020, the balance due to the related party was equivalent to KD 1,185,000 (2019: KD 1,310,000) which resulted from the acquisition. This property is still registered in the name of the related party and the ownership has not yet been transferred to the Group until the final settlement of the balance which is due no later than December 31, 2022 (Note 7).

Transactions included in the consolidated statement of profit or loss:

	Shareholders	2020	2019
Finance costs	**230,724**	**230,724**	299,518

Compensation to key management personnel:

	2020	2019
Short-term benefits	**15,283**	23,400

6. Financial assets at fair value through other comprehensive income:

	2020	2019
Quoted:		
Equity securities	**548,174**	581,159
Unquoted:		
Equity securities	**174,642**	179,895
	722,816	761,054

The movement during the year is as follows:

	2020	2019
Balance at the beginning of the year	**761,054**	760,200
Disposal	**-**	(5,182)
Change in fair value	**(38,238)**	6,036
Balance at the end of the year	**722,816**	761,054

These investments in equity securities are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

Financial assets at fair value through other comprehensive income are fair valued based on the valuation techniques disclosed in (Note 24).

7. Investment properties

	2020	2019
Balance at the beginning of year	**8,749,000**	8,829,000
Additions	**12,800**	14,227
Change in fair value	**(300,800)**	(94,227)
Balance at the end of year	**8,461,000**	8,749,000

During the year ended December 31, 2018, an investment property was acquired from a related party with a total consideration of KD 5,000,000. This property is still registered in the name of the related party and the ownership has not yet been transferred to the Group until the final settlement of the balance due to the related party which is due no later than December 31, 2022 (Note 5).

Management of the Group has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties. Accordingly, Investment properties are recorded at fair value on yearly basis, based on valuations performed by accredited independent valuation experts. Fair value of investment properties is categorized under level 2 and level 3 of the fair value hierarchy using an income capitalization approach and Comparable market prices approaches as follows:

			2020		
Class of investment property	Valuation technique	Significant inputs	**Level 2**	**Level 3**	**Total**
Lands	Comparable market prices	Price per square meter	**6,897,000**	**-**	**6,897,000**
Residential building	Income capitalization	Operating income generated from the property divided by the market capitalization rate (discount rate)	**-**	**1,564,000**	**1,564,000**
Total			**6,897,000**	**1,564,000**	**8,461,000**

			2019		
Class of investment property	Valuation technique	Significant inputs	Level 2	Level 3	Total
Lands	Comparable market prices	Price per square meter	7,466,000	-	7,466,000
Residential building	Income capitalization	Operating income generated from the property divided by the market capitalization rate (discount rate)	-	1,283,000	1,283,000
Total			7,466,000	1,283,000	8,749,000

No transfer between the fair value hierarchy levels during the year.

The significant assumptions used in the valuations of level 3 fair value are set out below:

	2020	2019
Average monthly rent (per sqm)	**3.45**	3.40
Yield rate	**7.4%**	8.4%
Occupancy rate	**100%**	100%

Sensitivity analysis
The table below presents the impact on net loss for the year due to sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment properties.

	Changes in valuation assumptions	**2020**	2019
Average monthly rent (per sqm)	± 5%	**±206,564**	±216,150
Yield rate	± 50 BP	**±15,513**	±21,507
Occupation rate	± 5%	**±197,394**	±216,150

8. Property and equipment

	Land (a)	Buildings	Tools and equipment	Decorations	Furniture and Fixtures	Vehicles	Total
Cost:							
At January 1, 2019	13,371,002	7,776,371	474,073	129,508	350,418	11,501	22,112,873
Additions	-	-	14,582	11,060	6,878	-	32,520
Write off	-	(2,984)	(50,976)	(2,350)	(25,386)	-	(81,696)
Impairment loss (a)	(2,358,002)	-	-	-	-	-	(2,358,002)
At December 31, 2019	11,013,000	7,773,387	437,679	138,218	331,910	11,501	19,705,695
Additions	-	-	315	-	-	-	315
Disposals	-	-	(40,336)	-	(5,236)	-	(45,572)
Write off (c)	-	(7,773,387)	(351,698)	(123,211)	(255,073)	-	(8,503,369)
Impairment loss (a)	(475,000)	-	-	-	-	-	(475,000)
Foreign currency translation adjustment	-	-	-	4	18	-	22
At December 31, 2020	**10,538,000**	**-**	**45,960**	**15,011**	**71,619**	**11,501**	**10,682,091**
Accumulated depreciation:							
At January 1, 2019	-	7,776,371	409,127	90,336	302,235	11,501	8,589,570
Charge for the year (b)	-	-	34,049	18,437	18,365	-	70,851
Related to write off	-	(2,984)	(50,976)	(2,350)	(25,212)	-	(81,522)
At December 31, 2019	-	7,773,387	392,200	106,423	295,388	11,501	8,578,899
Charge for the year (b)	-	-	19,930	14,147	11,995	-	46,072
Related to disposals	-	-	(40,203)	-	(5,236)	-	(45,439)
Related to write off (c)	-	(7,773,387)	(339,263)	(105,683)	(234,785)	-	(8,453,118)
Foreign currency translation adjustment	-	-	-	3	18	-	21
At December 31, 2020	**-**	**-**	**32,664**	**14,890**	**67,380**	**11,501**	**126,435**
Net book value:							
At December 31, 2019	11,013,000	-	45,479	31,795	36,522	-	11,126,796
At December 31, 2020	**10,538,000**	**-**	**13,296**	**121**	**4,239**	**-**	**10,555,656**

(a) As of December 31, 2020, the Group has tested the recoverable value of properties classified as property, property and equipment based on valuation performed by independent valuers. The Group has witnessed a decrease in the net book value of these properties by an amount of KD 475,000 (2019: KD 2,358,002) which is included in the consolidated statement of profit or loss. The Group's land has been acquired from a related party under a finance lease agreement as disclosed in Note (10).

(b) Depreciation for the current year is allocated as follows:

	2020	2019
Statement of profit or loss	**1,895**	1,748
Profit for the year from discontinued operations (Note 20)	**44,177**	69,103
	46,072	70,851

(c) On October 25, 2020, Al-Corniche Marine Club Company K.S.C. has evacuated the site No. (N-1) located at Gulf Arabian Region, based on the administrative decision issued by the Undersecretary of the Ministry of Finance No. 1 for 2020 dated August 17, 2020. Accordingly, Al-Corniche Marine Club Company K.S.C. (Closed) has written off the property and equipment with net carrying value of KD 50,251 which recognized to the consolidated statement of profit or loss as discontinued operation (Note 20).

9. Accounts payable and other credit balances

	2020	2019
Trade payables (a)	**14,502**	44,237
Accrued expenses	**308,438**	271,106
Revenue received in advance	**12,525**	211,476
Refundable deposits	**42,390**	60,305
Other credit balances	**167,010**	124,845
	544,865	711,969

(a) Trade payables are non - interest bearing and are normally settled on average period of 30 days.

10. Finance lease payable

During the year ended December 31, 2014, one of the Group's subsidiaries (Al Corniche Marine Club K.S.C.(Closed)) has entered into finance lease agreement to acquire land in Kuwait for total consideration of KD 12,154,781 out of which an amount of KD 4,654,781 was paid in cash and the outstanding balance of KD 7,500,000 represents finance lease commitment. The land was classified under property, plant and equipment (Note 8). The lease agreement includes the transfer of ownership of the land to the Group at the end of the lease term. The finance lease payable bears an effective interest rate of 6% per annum and is payable in two installments annually. Provided that, the principal amount of the finance lease to be due on May 14, 2019.

On November 28, 2018, an amount of KD 1,750,000 was paid out of the finance lease principal. In addition, the finance costs have been rescheduled to be extended for additional five years as the subsidiary is committed to pay 10 equivalent installments at the rate of 2.25% over Central Bank of Kuwait discount rate which is payable on semiannual installments. The principal of the finance lease payable is due during the period of the contract which is agreed to be five year ending on November 28, 2023.

11. Provision for end of service indemnity

	2020	2019
Balance at beginning of the year	**13,942**	245,697
Charge for the year	**5,357**	57,582
Transferred to accounts payable and other credit balances (a)	**-**	(61,712)
Paid during the year	**-**	(227,601)
Foreign currency translation adjustment	**291**	(24)
Balance at end of the year	**19,590**	13,942

(a) These transactions have not been reflected in the consolidated statement of cash flows, as they are non-cash transactions for the year ended December 31, 2019.

12. Share capital

The authorized, issued and fully paid-up capital consists of 240,000,000 shares with a par value of 100 fils each and all shares are paid in cash (2019: 240,000,000 shares with a par value of 100 fils each and all shares are paid in cash.)

13. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, a minimum 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat and Board of Directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. There was no transfer to statutory reserve, since there is a net loss for the year ended December 31, 2020 and December 31, 2019.

14. Voluntary reserve

As required by the Parent Company's Articles of Association, a maximum 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the Shareholders' Annual General Assembly of the Parent Company upon recommendation by the Board of Directors. There was no transfer to voluntary reserve, since there is a net loss for the year ended December 31, 2020 and December 31, 2019.

15. Non - controlling interests which are material to the Group

Name of subsidiary	Country of incorporation	Principal Activities	Ownership percentage held by the Parent Company 2020	2019	Ownership percentage held by the NCI 2020	2019
Al Corniche Marine Club Company K.S.C. (Closed).	Kuwait	Health Club	**87.457%**	87.457%	**12.543%**	12.543%

Summarized financial information for the subsidiary that has non-controlling interests that is material to the Group:

a) Summarized consolidated statement of financial position:

	Al Corniche Marine Club Company K.S.C. (Closed). 2020	2019
Current assets	**223,605**	628,266
Non-current assets	**12,750,510**	13,320,291
Total assets	**12,974,115**	13,948,557
Current liabilities	**3,718,356**	3,992,283
Non-current liabilities	**5,754,021**	5,750,000
Total liabilities	**9,472,377**	9,742,283
Net assets	**3,501,738**	4,206,274
Ownership interest held by the NCI	**12.543%**	12.543%
Non-controlling interests	**439,223**	527,593

b) Summarized consolidated statement of profit or loss and other comprehensive income:

	Al Corniche Marine Club Company K.S.C. (Closed). 2020	2019
Revenues	**29,307**	86,668
Expenses	**(886,065)**	(3,000,679)
Net loss for the year from continuing operations	**(856,758)**	(2,914,011)
Net profit for the year from discontinued operations (Note 20)	**152,228**	1,353,530
Net loss for the year	**(704,530)**	(1,560,481)
Ownership interest held by the NCI	**12.543%**	12.543%
Total comprehensive loss attributable to NCI	**(88,370)**	(195,731)

16. Treasury shares

	2020	2019
Number of shares	**9,627,000**	9,627,000
Percentage to paid up shares	**4.01%**	4.01%
Market value (KD)	**184,838**	246,451
Cost (KD)	**652,215**	652,215

The Parent Company's management has allotted an amount equal to treasury shares balance from the available share premium as of December 31, 2020, such amount will not be available for distribution during the treasury shares holding period.

17. Operating expenses

	2020	2019
Salaries and wages	**28,250**	39,964
Rent	**143,160**	183,000
Others	**51,446**	44,204
	222,856	267,168

18. General and administrative expenses

	2020	2019
Salaries and wages	**142,015**	213,842
Rent	**4,200**	4,200
Others	**210,966**	333,075
	357,181	551,117

19. Other income

During the year ended December 31, 2019, the Group has received an amount of KD 300,000 which represents the Group's share of the of capital redemption of certain previously impaired unquoted investment classified as financial assets at fair value through profit or loss. Accordingly, the Group has recorded the redeemed amount under other income in the consolidated statement of profit or loss.

20. Discontinued operations

During previous years, one of the Group subsidiaries (Al Corniche Marine Club Company K.S.C. (Closed)) has acquired utilization right from Touristic Enterprise Company (TEC) to utilize land as leasehold right. This utilization right has expired on June 30, 2013. As per the contract addendum memorandum dated 6 July 1999, this right is renewable to complete a total period of 18 years starting from the commencement date of subsidiary's operations and subject to TEC's contract renewal with the Government. However, the State Audit Bureau instructed TEC in 2011 not to renew contracts entered with investors until a committee, headed by the Fatwa and Legislative Department including TEC and the Government, studies the contract extension in order to reach a conclusion regarding practical solutions.

On February 12, 2014, the Group was informed by TEC that the terms of the agreement had been renewed for a period of 1 year starting January 28, 2014. The management is of the view that it may not be allowed to continue using the property upon expiring of the contract (effective on January 28, 2015), but might be able to bid for continuing its use. Any official notification on termination of the contract is only to be made through courts of law, which has not been received as of the date of these interim condensed consolidated financial information. In the meanwhile, the Group continues to settle its lease payments at the Ministry of Justice.

On December 12, 2018, the Group was informed by TEC that the agreement will expire on March 16, 2019, with no future intention to renew the terms of the agreement. Consequently, the Group sent a formal communication to TEC on February 10, 2019 stating that the Group is committed to abandon the property within 60 days from notification of TEC, with disposing all residual assets.

During the year ended December 31 2019, TEC has published a tender offer at the official Gazette to award the right of use of the site (N-1) location which is currently being utilized by Al Corniche Marine Club K.S.C. (Closed) as leasehold right to one of the companies specialized in the health clubs sector.

On August 26, 2019, Al Corniche Marine Club Company K.S.C. (Closed) has filed a legal case No. (5142/19) against TEC, Al-Madar Real Estate Development Company and the Undersecretary of the Ministry of Finance. As Al-Madar Finance and Investment Company (the main owner of Al-Madar Real Estate Development Company) disclosed that Al-Madar Real Estate Development Company received a notification from TEC dated August 6, 2019 as a result of the tender on the site (N-1), considering that the offer made by that Company is concluded to be the best offer. The management of the Group considered this decision to be in contrary to the provisions of the law and the constitution and the terms of the tender, therefore, Al Corniche Marine Club Company K.S.C. (Closed) has claimed to revoke the tender for site (N-1) and not to consider the decision to award the tender to Al-Madar Real Estate Development Company, and has further claimed to procedures at the expense of TEC.

During the year ended December 31, 2019, Al-Corniche Marine Club Company K.S.C. (Closed) has filed an urgent legal case No. (1771/19) against TEC and Al-Madar Real Estate Development Company, demanding to cease all proceedings of the announcement of the tender for the site (N-1). The first decree verdict regarding the legal case No. (1771/19) was issued on January 27, 2020 which ruled that TEC has to suspend all of the proceedings of the announcement of the bid for the site (N-1) and temporarily prevented TEC from conducting any new agreement regarding the site (N-1) in addition, the court has awarded Al-Corniche Marine Club Company K.S.C. (Closed) the right to continue using the site (N-1) until the final court resolution is concluded upon. This ruling was appealed by the TEC and a hearing was scheduled for March 1, 2020, which was postponed until March 15, 2020. This legal case has been filed under new reference 1981/2020 which postponed to 25 April 2021.

On March 9, 2020, TEC had filed an urgent legal case No. (20/201) against Al-Corniche Marine Club Company K.S.C. (Closed) demanding immediate abandonment of the site (N-1).

On July 26, 2020, the court of appeal has ruled that the first-degree court is not authorized for ruling in these legal cases and accordingly exonerate all of these legal cases to the administrative counsel for hearing on September 6, 2020.

On August 17, 2020, based on the administrative decision issued by the Undersecretary of the Ministry of Finance No. 1 for 2020, which stipulated the evacuation of the Al-Corniche Marine Club Company K.S.C. (Closed) for the site No. (N-1). Al-Corniche Marine Club Company K.S.C. (Closed) has evacuated the site on October 25, 2020 and accordingly, the health club sector has been qualified as discontinued operations as at December 31, 2020.

On October 20, 2020, TEC has filed a legal case (7713/2020) claiming Al-Corniche Marine Club Company K.S.C. (Closed) for monetary compensation for the utilization of the site (N-1) located at Arabian Gulf region, to be paid on monthly installments starting from date in which TEC has informed Al-Corniche Marine Club Company K.S.C. (Closed) to evacuate the site until the date of actual evacuation on August 17, 2020. On February 18, 2021, the supreme court has issued a verdict to cancel this legal case.

The analysis of the net profit for the year from discontinued operations is as follows:

	2020	2019
Operating revenue	**691,692**	2,867,205
Operating costs	**(304,716)**	(1,156,206)
Gross profit	**386,976**	1,710,999
General and administrative expenses	**(185,892)**	(288,366)
Depreciation (Note 8)	**(44,177)**	(69,103)
Gain on disposal of property, plant and equipment	**45,572**	-
Loss on write off of property, plant and equipment (Note 8)	**(50,251)**	-
Profit for the period from discontinued operations	**152,228**	1,353,530
Attributable to:		
Shareholders of the Parent Company	**133,134**	1,183,757
Non-controlling interest	**19,094**	169,773
	152,228	1,353,530

21. Basic and diluted losses per share

There are no dilutive ordinary shares expected to be issued. The information necessary to calculate basic and diluted loss per share based on weighted average number of shares outstanding during the period is as follows:

	2020	2019
Loss for the year from continuing operations attributable to the Parent Company's shareholders	**(1,018,215)**	(1,088,842)
profit for the year from discontinuing operations attributable to the Parent Company's shareholders	**133,134**	1,183,757
Total loss for the year attributable to Parent Company's shareholders	**(885,081)**	(1,088,842)
Number of shares outstanding:		
Number of issued shares at the beginning of the year	**240,000,000**	240,000,000
Less: Weighted average number of treasury shares	**(9,627,000)**	(9,627,000)
Weighted average number of shares outstanding at the end of the year	**230,373,000**	230,373,000
Basic and diluted loss per share from continuing operations (fils)	**(4.42)**	(9.87)
Basic and diluted profit per share from discontinued operations (fils)	**0.58**	5.14
Total loss per share (fils)	**(3.84)**	(4.73)

22. Segment information

Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance. The Group is divided into divisions to manage its various activities. For the purposes of segment reporting, the Group's management has classified the Group's services into the following:

- Real estate operations: consisting of trading, developing, leasing and managing real estate and rental of investment properties.
- Hospitality operations: consisting of operations related to hotels and its related franchise.
- Health club operations: consisting of operations related to sports and health activities .

There are no inter-segmental transactions. The following table presents assets, liabilities, revenues, and expenses information regarding the Group's operating segments.

Information related to each reportable operating segment is set out below:

	2020		2019	
	Real estate operations	**Total**	Real estate operations	Total
Continuing operations:				
Operating revenue	**486,765**	**486,765**	586,543	586,543
Operating costs	**(222,856)**	**(222,856)**	(267,168)	(267,168)
Gross profit	**263,909**	**263,909**	319,375	319,375
General and administrative expenses	**(357,181)**	**(357,181)**	(551,117)	(551,117)
Depreciation	**(1,895)**	**(1,895)**	(1,748)	(1,748)
Unrealized (loss) gain on from financial assets at fair value through profit or loss	**(71,197)**	**(71,197)**	13,561	13,561
Provision for expected credit losses	**-**	**-**	(42,583)	(42,583)
Change in fair value of investment properties	**(300,800)**	**(300,800)**	(94,227)	(94,227)
Impairment loss of property, plant and equipment	**(475,000)**	**(475,000)**	(2,358,002)	(2,358,002)
Other income	**42,498**	**42,498**	372,245	372,245
Interest income	**4,711**	**4,711**	3,911	3,911
Finance costs	**(230,724)**	**(230,724)**	(299,518)	(299,518)
Loss for the year from continuing operations	**(1,125,679)**	**(1,125,679)**	(2,638,103)	(2,638,103)

Results relating to discontinued operations are not included in segment information for year ended December 31, 2020 and December 31, 2019.

	2020			
	Real estate operations	**Health club operations**	**Hospitality operations**	**Total**
Total assets	**22,397,476**	**236,565**	**18,644**	**22,652,685**
Total liabilities	**6,666,275**	**913,965**	**26,991**	**7,607,231**

	20219			
	Real estate operations	Health club operations	Hospitality operations	Total
Total assets	23,197,867	736,007	17,236	23,951,110
Total liabilities	6,823,356	1,045,354	24,952	7,893,662

23. Contingent liabilities

The Group is contingently liable in respect of the following:

	2020	2019
Letter of guarantee	**5,406**	5,406

24. Fair value measurement

The Group measures financial assets such as financial assets at FVPL and financial assets at FVOCI and non–financial assets such as investment properties at fair value at each reporting date.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

	2020		
	Level 1	**Level 3**	**Total**
Financial assets at fair value through profit or loss	**1,183,230**	**-**	**1,183,230**
Financial assets at fair value through OCI	**548,174**	**174,642**	**722,816**
Total	**1,731,404**	**174,642**	**1,906,046**

	2019		
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	1,254,427	-	1,254,427
Financial assets at fair value through OCI	581,159	179,895	761,054
Total	1,835,586	179,895	2,015,481

The fair value of the investment property has been disclosed in Note (7).

The movement of the financial assets and non-financial assets recorded within level 3 of the fair value hierarchy, represented only the change in fair value for the year ended December 31, 2020 and December 31, 2019.

The management assessed that the fair values of other financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

25. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, financial assets at FVPL, accounts receivable, due from/to related parties, financial assets at FVOCI, accounts payables and finance lease payable and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of market interest rate, for its financial assets and liabilities carrying floating interest rates. The effective interest rates and the periods in which interest-bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss:

	2020		
	Increase (Decrease) in interest rate	**Balance**	**Effect on consolidated statement of profit or loss**
Short term bank deposit	**± 0.5%**	**300,000**	**± 1,500**
Finance lease payable	**± 0.5%**	**5,750,000**	**± 28,750**

	2019		
	Increase (Decrease) in interest rate	Balance	Effect on consolidated statement of profit or loss
Finance lease payable	± 0.5%	5,750,000	± 28,750

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalents, receivables and due from related parties. Receivables is presented net of allowance for expected credit losses.

Cash at banks and term deposits

The Group's cash at banks and term deposits measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash and term deposits are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The Group's maximum exposure arising from default of the counterparty is limited to the carrying amount of cash and cash equivalents, receivables and due from related parties.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other financial assets that are readily realizable. along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves and matching the maturity profiles of financial assets and liabilities.

The maturity profile of financial liabilities is as follows:

	2020				
	within than 3 months	**3 - 6 months**	**6-12 months**	**More than 12 months**	**Total**
Accounts payable and other credit balances	**322,940**	**12,525**	**209,400**	**-**	**544,865**
Due to related parties	**1,292,776**	**-**	**-**	**-**	**1,292,776**
Finance lease payable	**-**	**-**	**-**	**5,750,000**	**5,750,000**
	1,615,716	**12,525**	**209,400**	**5,750,000**	**7,587,641**

	2019				
	Less than 3 months	3 - 6 months	6-12 months	More than 12 months	Total
Accounts payable and other credit balances	315,343	211,476	185,150	-	711,969
Due to related parties	1,417,751	-	-	-	1,417,751
Finance lease payable	-	-	-	5,750,000	5,750,000
	1,733,094	211,476	185,150	5,750,000	7,879,720

Equity price risk

Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as 'at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these financial assets, to which the Group had significant exposure as of the reporting date:

	2020		
	Change in equity instrument price	Effect on consolidated statement of profit or loss	Effect on consolidated statement of profit or loss and other comprehensive income
Financial assets at fair value through profit or loss	**± 5%**	**+ 59,162**	**-**
Financial assets at fair value through other comprehensive income	**± 5%**	**-**	**+ 36,141**

	2019		
	Change in equity instrument price	Effect on consolidated statement of profit or loss	Effect on consolidated statement of profit or loss and other comprehensive income
Financial assets at fair value through profit or loss	± 5%	± 62,721	-
Financial assets at fair value through other comprehensive income	± 5%	-	38,053

26. Capital Risk Management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns and benefits for shareholders and to maintain an optimal capital resource structure to reduce the cost of capital. In order to maintain or adjust the capital resource structure, the Group may adjust the amount of cash dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay facilities or obtain bank facilities.

Consistent with other companies in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total financial facilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2020	2019
Finance lease payable	**5,750,000**	5,750,000
Less: cash and cash equivalents	**(747,000)**	(1,148,584)
Net debt	**5,003,000**	4,601,416
Total equity	**15,045,454**	16,057,448
Total capital resources	**20,048,454**	20,658,864
Gearing Ratio	**%25**	%22

27. COVID-19 impact and going concern

The recent spread of the coronavirus ("COVID-19") across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as of December 31, 2020.

Credit risk management

The management of the Group has taken several measures to manage its risk associated with the pandemic, including identification of the most vulnerable sectors primarily affected and placing added measures to ensure a high level of scrutiny.

The uncertainties caused by COVID-19 required the Group to consider the impact of higher volatility in the forward-looking macro-economic factors considered for the determination of expected credit losses ("ECLs") as of 31 December 2020. The Group has concluded that, no material impact of COVID-19 on its credit risk.

Fair value measurement of financial instruments

The Group has considered the potential impacts of the current market volatility in determination of the reported amounts of the Group's quoted and unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date of the consolidated financial statements. Given the impact of COVID 19, the Group has assessed whether the fair values of the financial assets represent the price that would be achieved for transactions between market participants in the current scenario.

Accordingly, the Group has recognized a decline in the fair value of the financial instruments with an amount of KD 71,197 and KD 38,238 for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income respectively (Note 4, 6).

Fair value measurement of non-financial instruments

As at the reporting date, the Group has identified the impact on the carrying values of its non-financial assets as at 31 December 2020 due to impact of COVID-19 arising from an impact on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at 31 December 2020. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the consolidated financial statements.

Accordingly, the group had recognized an impact of KD 300,800 as fair value loss on its investment properties (Note 7) and KD 475,000 arising from impairment of property, plant and equipment (Note 8).

Liquidity risk management

The management of the Group has taken several measures to manage the liquidity risk related to the epidemic. Where the group (as lessor) in response to the outbreak of ("COVID-19") granted rental exemptions to its tenants to support them and ensure their continuity to maintain liquidity.

Going concern management

The Group also assessed its ability to continue as a going concern in light of the current economic conditions and all available information about future risks and uncertainties. The expectations regarding the future performance of the Group and liquidity were evaluated, and despite the exacerbating impact of the COVID-19, at the present time, expectations indicate that the Group has sufficient resources to continue practicing its operations as well as its position on continuity has not been affected to a large extent, till the date of preparation of these consolidated financial statements, and as a result, these consolidated financial statements have been prepared in accordance with going concern basis.