AL IMTIAZ INVESTMENT GROUP COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH
INDEPENDENT AUDITORS' REPORT

AL IMTIAZ INVESTMENT GROUP COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Al Imtiaz Investment Group Company - K.S.C. (Public)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Imtiaz Investment Group Company - K.S.C. (Public) ("the Parent Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the related 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 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 Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Valuation of investment properties

Investment properties as at December 31, 2020 amounting to KD 45,768,561 represent a significant part of the Group's total assets. The valuation of investment properties is a key audit matter because it contains significant judgments and assumptions that are highly reliant on estimates. The Group's policy is to evaluate investment properties at least once a year through licensed external valuers. These assessments, among other valuations, are based on assumptions such as estimated rental income, discount rates, occupancy rates, market knowledge, developer risks and historical transactions. For the purpose of estimating the fair value of investment properties, valuers had used income capitalization and sales comparison valuation techniques, taking into consideration the nature and use of investment properties. We have reviewed the valuation reports issued by the licensed external valuers and have focused on the adequacy of disclosures of investment properties as provided in Note 10 to the accompanying consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 entity 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 auditors' 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.

Impairment testing of intangible assets and goodwill

Impairment testing of intangible assets and goodwill performed by the Group through an external valuer was significant to our audit since assessment of the recoverable amount of intangible assets and goodwill under the value in use basis is complex and require significant judgments and estimates from the Group. Estimated future cash flows are based on the views of the Group on variables such as growth rates, discount rates, economic conditions, such as economic growth and expected inflation rates. Accordingly, impairment assessment of intangible assets and goodwill were identified as a key audit matter. Our audit procedures included obtaining the impairment assessment report, reviewing appropriateness of the valuation model used and reasonableness of the key assumptions applied. Furthermore, we focused on the adequacy of disclosures included in Note 12 to the accompanying consolidated financial statements.

Other information included in the Annual Report of the Group for the year ended December 31, 2020

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 not obtained the annual report, including the report of the Group's Board of Directors, prior to the date of our auditor's report, and we expect to obtain these reports after the date of our auditor's report. 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. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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, the Parent Company's management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

Report on Other Legal and Regulatory Requirements

In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended December 31, 2020 that might have a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware, of any material violations, during the year ended December 31, 2020, of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the Organization of the Banking Business and its related regulations. Also, in our opinion, we have not become aware of any material violations of Law No. 7 of 2010 concerning the Capital Markets Authority and the Organization of Security Activity and its Executive Regulations, as amended, during the year ended December 31, 2020 that might have a material effect on the business of the Parent Company or on its financial position.

Faisal Saqer Al Saqer
License No. 172-A
BDO Al Nisf & Partners

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

State of Kuwait
January 31, 2021

AL IMTIAZ INVESTMENT GROUP COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
(All amounts are in Kuwaiti Dinars)

	Note	2020	2019
ASSETS			
Cash and short-term funds	3	**23,066,451**	28,850,260
Term deposits	4	**205,000**	131,000
Financial assets at fair value through profit or loss ("FVTPL")	5	**40,950,014**	48,374,219
Accounts receivable and other debit balances	6	**79,818,638**	69,577,373
Other assets	7	**11,854,521**	10,978,148
Properties under development	25	**1,329,119**	2,372,779
Financial assets at fair value through other comprehensive income ("FVOCI")	8	**15,376,902**	24,769,631
Investment in associates	9	**35,359,464**	39,955,078
Investment properties	10	**45,768,561**	56,738,230
Property, plant and equipment	11	**40,070,837**	36,551,521
Intangible assets	12	**22,507,338**	23,031,433
Goodwill	12	**36,306,549**	36,306,549
Total assets		**352,613,394**	377,636,221
LIABILITIES AND EQUITY			
Liabilities:			
Bank facilities	13	**9,632,528**	7,169,723
Accounts payable and other credit balances	14	**62,365,652**	56,780,330
Lease liabilities		**2,525,634**	1,366,506
Murabaha and Wakala payable	15	**55,882,010**	52,301,854
Provision for end of service indemnity		**8,724,637**	6,896,325
Total liabilities		**139,130,461**	124,514,738
Equity:			
Share capital	16	**113,361,735**	113,361,735
Share premium		**34,108,277**	34,108,277
Treasury shares	17	**(10,041,090)**	(10,041,090)
Statutory reserve	18	**26,534,020**	26,534,020
Voluntary reserve	19	**12,304,061**	12,304,061
Other equity items	20	**(16,552,134)**	(3,812,895)
Retained earnings		**22,026,572**	43,326,328
Equity attributable to shareholders of the Parent Company		**181,741,441**	215,780,436
Non-controlling interests	21	**31,741,492**	37,341,047
Total equity		**213,482,933**	253,121,483
Total liabilities and equity		**352,613,394**	377,636,221

The accompanying notes from (1) to (35) form an integral part of the consolidated financial statements.

Khaled Sultan Bin Essa
Chairman

Nawaf H. Marafi
Chief Executive Officer of the
Group and Board Member

AL IMTIAZ INVESTMENT GROUP COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020
(All amounts are in Kuwaiti Dinars)

	Note	2020	2019
Revenue:			
Net investment loss	22	**(5,173,895)**	(286,975)
Management, placement and subscription fees		**2,336,139**	3,088,733
Net rental income		**2,675,380**	2,694,896
Net operating income from operations of subsidiaries	23	**29,009,396**	29,643,039
Changes in fair value of investment properties	10	**(9,016,640)**	495,638
Group's share of results from associates	9	**(643,198)**	2,525,434
Gain from partial sale of investment in an associate	9	**11,530**	1,686,827
Gain from remeasurement of equity interest of a former associate		**-**	23,340,154
(Loss) gain on sale of investment properties	10	**(132,362)**	27,091
Return income		**121,193**	285,227
Foreign exchange loss		**(42,857)**	(44,913)
Other income		**2,050,436**	1,233,408
Total revenue		**21,195,122**	64,688,559
Expenses and other charges:			
General and administrative expenses	24	**21,768,214**	22,463,621
Selling and marketing expenses	24	**4,509,161**	5,150,212
Finance charges		**3,618,560**	4,367,433
Management, placement, subscription and consultancy costs		**1,321,422**	1,143,719
Impairment loss and other net provisions	25	**10,512,873**	4,140,752
Depreciation and amortization	11,12	**5,412,103**	4,340,145
Total expenses and other charges		**47,142,333**	41,605,882
(Loss) profit for the year before contribution to National Labor Support Tax (NLST) and Board of Directors' Remuneration		**(25,947,211)**	23,082,677
NLST		**-**	(570,970)
Board of Directors' remuneration	29	**-**	(119,000)
(Loss) profit for the year		**(25,947,211)**	22,392,707
Attributable to:			
Shareholders of the Parent Company		**(20,995,798)**	19,718,057
Non-controlling interests		**(4,951,413)**	2,674,650
(Loss) profit for the year		**(25,947,211)**	22,392,707
Basic and diluted (loss) earnings per share attributable to shareholders of the Parent Company (Fils)	26	**(20.43)**	19.19

The accompanying notes from (1) to (35) form an integral part of the consolidated financial statements.

AL IMTIAZ INVESTMENT GROUP COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
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
(Loss) profit for the year		(25,947,211)	22,392,707
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	20	339,889	509,887
Group's share of other comprehensive loss from associates	9	(2,751,461)	(997,001)
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of financial assets at FVOCI	20	(10,573,899)	(250,832)
Other comprehensive loss for the year		(12,985,471)	(737,946)
Total comprehensive (loss) income for the year		(38,932,682)	21,654,761
Attributable to:			
Shareholders of the Parent Company		(33,981,269)	18,980,111
Non-controlling interests		(4,951,413)	2,674,650
Total comprehensive (loss) income for the year		(38,932,682)	21,654,761

The accompanying notes from (1) to (35) form an integral part of the consolidated financial statements.

AL IMTIAZ INVESTMENT GROUP COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company									
	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other equity items (Note 20)	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance as at December 31, 2018	113,361,735	34,108,277	(9,856,539)	24,493,217	10,263,258	(1,085,973)	34,877,274	206,161,249	36,269,109	242,430,358
Loss on disposal of financial assets at FVOCI (Note 20)	-	-	-	-	-	(303,958)	-	(303,958)	-	(303,958)
Transfer of reserve for gain on disposal of financial assets at FVOCI to retained earnings (Note 20)	-	-	-	-	-	(1,032,501)	1,032,501	-	-	-
Effect of other equity movements in an associate (Note 20)	-	-	-	-	-	(652,517)	-	(652,517)	-	(652,517)
Purchase of treasury shares	-	-	(184,551)	-	-	-	-	(184,551)	-	(184,551)
Transfer to reserves	-	-	-	2,040,803	2,040,803	-	(4,081,606)	-	-	-
Total comprehensive (loss) income for the year	-	-	-	-	-	(737,946)	19,718,057	18,980,111	2,674,650	21,654,761
Cash dividends 8% (Note 29)	-	-	-	-	-	-	(8,219,898)	(8,219,898)	-	(8,219,898)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(1,602,712)	(1,602,712)
Balance as at December 31, 2019	113,361,735	34,108,277	(10,041,090)	26,534,020	12,304,061	(3,812,895)	43,326,328	215,780,436	37,341,047	253,121,483
Transfer of reserve for loss on disposal of financial assets at FVOCI to retained earnings (Note 20)	-	-	-	-	-	303,958	(303,958)	-	-	-
Effect of other equity movements in a subsidiary (Note 20)	-	-	-	-	-	(57,726)	-	(57,726)	-	(57,726)
Total comprehensive loss for the year	-	-	-	-	-	(12,985,471)	(20,995,798)	(33,981,269)	(4,951,413)	(38,932,682)
Change in non-controlling interests	-	-	-	-	-	-	-	-	(648,142)	(648,142)
Balance as at December 31, 2020	**113,361,735**	**34,108,277**	**(10,041,090)**	**26,534,020**	**12,304,061**	**(16,552,134)**	**22,026,572**	**181,741,441**	**31,741,492**	**213,482,933**

The accompanying notes from (1) to (35) form an integral part of the consolidated financial statements.

AL IMTIAZ INVESTMENT GROUP COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES (THE GROUP)
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) profit for the year before contribution to NLST and Board of Directors' remuneration		**(25,947,211)**	23,082,677
Adjustments for:			
Net investment loss	22	**5,173,895**	286,975
Changes in fair value of investment properties	10	**9,016,640**	(495,638)
Group's share of results from associates	9	**643,198**	(2,525,434)
Gain from partial sale of investment in an associate	9	**(11,530)**	(1,686,827)
Gain from remeasurement of equity interest of a former associate		**-**	(23,340,154)
Loss (gain) on sale of investment properties	10	**132,362**	(27,091)
Return income		**(121,193)**	(285,227)
Provision for end of service indemnity		**2,807,901**	1,739,921
Finance charges		**3,618,560**	4,367,433
Impairment loss and other net provisions	25	**10,512,873**	4,140,752
Depreciation and amortization	11,12	**5,412,103**	4,340,145
		11,237,598	9,597,532
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**(12,830,338)**	(5,924,691)
Other assets		**(1,052,910)**	(821,727)
Accounts payable and other credit balances		**2,157,004**	(8,613,527)
Cash flows used in operations		**(488,646)**	(5,762,413)
Payment for end of service indemnity		**(963,371)**	(1,095,319)
Net cash flows used in operating activities		**(1,452,017)**	(6,857,732)
Cash flows from investing activities:			
Term deposits		**(74,000)**	-
Net movement in financial assets at FVTPL		**1,011,251**	(305,185)
Net movement in properties under development		**(210,072)**	-
Net movement in financial asset at FVOCI		**(1,181,170)**	(434,410)
Net movement in investment in associates		**(81,718)**	2,057,963
Net movement in investment properties		**1,806,586**	391,267
Net movement in property, plant and equipment		**(9,822,982)**	(5,979,573)
Net movement in intangible assets		**(38,736)**	(116,271)
Cash dividends received from an associate	9	**-**	1,584,100
Cash dividends received	22	**1,239,059**	3,020,519
Return income received		**121,193**	285,227
Net cash flows (used in) generated from investing activities		**(7,230,589)**	503,637
Cash flows from financing activities:			
Bank facilities		**2,462,805**	(418,343)
Lease liabilities		**1,159,128**	(566,399)
Murabaha and Wakala payable		**3,338,487**	3,384,178
Finance charges paid		**(3,376,891)**	(4,662,067)
Purchase of treasury shares		**-**	(184,551)
Cash dividends paid		**(42,492)**	(8,169,967)
Change in non-controlling interests		**(642,240)**	(1,287,951)
Net cash flows generated from (used in) financing activities		**2,898,797**	(11,905,100)
Net decrease in cash and cash equivalents		**(5,783,809)**	(18,259,195)
Cash and cash equivalents at the beginning of the year		**28,500,760**	46,759,955
Cash and cash equivalents at the end of the year	3	**22,716,951**	28,500,760

The accompanying notes from (1) to (35) form an integral part of the consolidated financial statements.

1. Incorporation and activities of the Parent Company

Al Imtiaz Investment Group Company - K.S.C. (Public) (the Parent Company) (formerly known as Al Imtiaz Investment Company - K.S.C. (Public)) is a Kuwaiti public shareholding company registered in the State of Kuwait and was incorporated based on Memorandum of Incorporation under Ref. No. 2074 / Volume 1 dated April 6, 2005 and its subsequent amendments, the latest of which was notarized in the Commercial Register under Ref. No. 106905 dated November 12, 2014. The Parent Company is listed in Boursa Kuwait.

The main activities of the Parent Company are as follows:

a) Investing in real estate, industrial, agricultural and other economic sectors, by contributing to the establishment of specialized companies or buying its shares or bonds in various sectors.
b) Managing public and private institutions' funds and investing these funds in various economic sectors, including portfolio management and real estate.
c) Providing and preparing technical, economic, valuation studies, consultancy, and feasibility studies related to these companies and institutions and preparing the necessary studies for these institutions and companies.
d) Mediation in lending and borrowing operations.
e) Carrying out the functions of companies and organizations' Bonds issue managers, and the functions of custodians.
f) Financing and brokering in international trade operations.
g) Providing loans to others taking into account financial safety principles in loans granting, while maintaining the continuity of the safety of Company's financial position in accordance with the conditions, rules and limits established by the Central Bank of Kuwait.
h) Dealing and trading in foreign exchange and precious metals market in Kuwait and abroad, this activity is only for the Parent Company.
i) Operations related to trading of securities from shares of companies and local governmental bodies and international organizations to purchase and sale of bonds.
j) Carrying out all the services that help to develop and strengthen the capacity of the financial and cash market in Kuwait and to meet its needs, all within the limits of law and procedures or instructions issued by the Central Bank of Kuwait.
k) Mobilizing resources to Ijara financing and arranging group Ijara financing, especially for small and medium enterprises.
l) Owning, using and renting industrial property rights, patents, commercial and industrial trademarks, business graphics, intellectual property rights and related intellectual programs and literature to other institutions.
m) Establishing and managing investment funds for its own and on behalf of others, issuing its units for subscription and acting as custodian or investment manager for leasing and investment funds inside the State of Kuwait and abroad in accordance with laws and resolutions imposed in the country.

The Parent Company may conduct the above-mentioned business in the State of Kuwait or abroad by its own or as an agent. The Parent Company may have an interest or to participate in any way with institutions practicing activities similar to its activities or which may assist the Parent Company in achieving its objectives in the State of Kuwait or abroad. It may establish, participate in, or acquire those institutions or have them affiliated to it to be conducted in accordance with the Islamic Sharia`a.

The Parent Company is regulated and supervised by the Central Bank of Kuwait ("CBK") for financing activities and the Capital Markets Authority ("CMA") as an investment company.

The Parent Company's registered address is P. O. Box 29050, Safat – Zip Code 13151 – State of Kuwait.

Total number of employees of Parent Company as at December 31, 2020 is 47 (2019: 49 employees).

The consolidated financial statements were authorized for issue by the Parent Company`s Board of Directors on January 31, 2021. 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 International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ('IASB') and with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA"). These regulations require adoption of all IFRSs as issued by IASB except for the measurement and disclosure requirements of expected credit losses (ECL) on credit facilities under IFRS 9: Financial Instruments. Accordingly, provision for credit losses on credit facilities is the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines, and the provisions required by the CBK rules on classification of credit facilities and calculation of their provisions as described under the accounting policy for impairment of financials assets. 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 FVTPL, financial assets at FVOCI and investment properties which are stated at their 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(Af). 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, with the exception of the impact of the COVID-19 outbreak on the Group which is detailed in Note 35.

Adoption of new and revised standards

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 January 1, 2020.

These amendments do not have any material impact on the consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

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 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 March 29, 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 May 28, 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 June 1, 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 January 1, 2022 and apply prospectively. These amendments are not expected have any material impact on the consolidated financial statements.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
In May 2020, the IASB issued 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 recognises the proceeds from selling such items, and the costs of producing those items, in consolidated profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 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 amendment. These 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 January 1, 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. The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

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 January 1, 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.

IFRS 17 – Insurance Contracts and its amendments

A) In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023 (initially effective January 1, 2021), with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

B) In June 2020, the IASB issued amendments to IFRS 17. These amendments follow from the Exposure Draft (ED) on proposed Amendments to IFRS 17 Insurance Contracts.

As a result of its re-deliberations, the IASB has made changes to the following main areas of IFRS 17:

- Deferral of the effective date of IFRS 17 and IFRS 9 for qualifying insurance entities by two years to annual reporting periods beginning on or after 1 January 2023)
- Scope of the standard
- Expected recovery of insurance acquisition cash flows from insurance contract renewals
- CSM relating to investment activities
- Applicability of the risk mitigation option for contracts with direct participation features
- Reinsurance contracts held - expected recovery of losses on underlying onerous contracts
- Simplified presentation of insurance contracts in the statement of financial position
- Additional transition reliefs

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

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 January 1, 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.

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 the subsidiary	Country of incorporation	Principal activities	Control / Percentage of holding (%) 2020	2019
Al Reyadah Industrial Company - K.S.C.(Closed)	State of Kuwait	Industrial	**99**	99
Al Imtiaz International Real Estate Company - K.S.C. (Closed)	State of Kuwait	Real estate	**99**	99
Al Imtiaz Global Real Estate Company - K.S.C. (Closed) ("i")	State of Kuwait	Real estate	**-**	99
Smarts Way Media - K.S.C. (Closed)	State of Kuwait	Media	**99**	99
Markets for Centralized Markets Company - K.S.C. (Closed)	State of Kuwait	Service	**99**	99
Al Imtiaz Leader for Equipment and Light and Heavy Machinery Company - Ali Ahmed Zubaid and Partner - W.L.L.	State of Kuwait	General trading	**99**	99
Al Khour Growth for Equipment and Light and Heavy Machinery Company - W.L.L.	State of Kuwait	General trading	**99**	99
Ethraa International for Consultation Services Company - K.S.C. (Closed) ("i")	State of Kuwait	Consulting	**-**	99
Al Khour Development for General Trading Company - W.L.L.	State of Kuwait	General trading	**99**	99
Imtiaz Qatar Company - W.L.L.	State of Qatar	Real estate	**99**	99
Al Imtiaz First Holding Company - K.S.C. (Holding)	State of Kuwait	Holding	**99**	99
Smarts Way Satellite Transmission Company - K.S.C. (Closed)	State of Kuwait	Media	**99**	99
Kuwaiti African Holding Company T.S.C. (Holding)	State of Tunisia	Holding	**50**	50
Al Dar Engineering and Contracting company - K.S.C. (Closed)	State of Kuwait	Contracting	**50.69**	50.69
Dimah Capital Investment Company - K.S.C. (Closed)	State of Kuwait	Investment	**67.76**	67.76
Education and Scientific Research Management and Development Company-W.L.L.	The Hashemite Kingdom of Jordan	Real estate	**85.90**	85.90
Arab Foundation for Education, Scientific Research Management and Community Services (Amman Arab University) - W.L.L.	The Hashemite Kingdom of Jordan	Educational	**98.60**	98.60
Al Ritaj Holding Company – K.S.C. (Holding)	State of Kuwait	Holding	**92.47**	92.47
Majd Food Company – K.S.C. (Closed)	State of Kuwait	Food processing	**61**	61
Integrated Technologies Holding Company – W.L.L.	State of Kuwait	Holding	**100**	100

(i) During the year, the Group signed a sale contract to partially dispose equity interest in these subsidiaries. Pursuant to the sale, the Group's ownership interest in these subsidiaries has reduced resulting in loss of control over the subsidiaries by virtue of losing majority of the voting rights and representation in the subsidiaries' Board of Directors but retains significant influence in those entities. As a result of the loss of control, these subsidiaries are treated as an associates of the Group and accounted for in accordance with IAS 28 "Investments in Associates and Joint Ventures" (Note 9).

The Group consolidated its material subsidiaries based on their financial statements as at September 30, 2020 with amendments for any material transactions for the period from October 1 up to December 31, 2020.

Subsidiaries (investees) 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; and
- 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. Consolidated 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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the Parent Company's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

c) 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 short-term funds, term deposits, financial assets at FVTPL, accounts receivable and other debit balances, financial assets at FVOCI, bank facilities, accounts payable and other credit balances, lease liabilities and Murabaha and Wakala payable.

A) Financial assets

I. 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 FVTPL. 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 settlement-date - the date on which the asset is delivered to or by the Group. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

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,
- Financial assets at fair value through profit or loss (FVTPL),
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition.

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;
- 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. Gain 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, short-term deposits, term deposits, trade receivables, due from related parties and certain balances in other assets are classified as debt instruments at amortized cost.

i. **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original 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.

ii. **Term deposits**
Term deposits are placed with banks and have a contractual maturity of more than three months.

iii. **Trade receivables**
Receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses.

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment as at FVOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVOCI 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.

The Group classifies investments in quoted, unquoted equity securities and investment funds under financial assets at FVTPL in the consolidated statement of financial position.

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 consolidated statement of changes in equity.

The Group classifies investments in quoted, unquoted equity securities and funds and portfolios under financial assets at FVOCI in the consolidated statement of financial position.

II. **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 contract assets and 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 and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

For related party balances and inter-company loans, 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, 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
- 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.

'12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stage 2.

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.

B) 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 FVTPL or at amortized cost using effective interest rate method.

Financial liabilities at amortized cost

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

i. 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 interest 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.

ii. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

iii. Murabaha and Wakala payable

Murabaha and Wakala payable balances are reported with full credit balances after deducting finance charges amounts pertaining to future periods. Those finance charges balances are amortized on a time apportionment basis using effective return method.

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.

C) 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 realise the assets and settle the liabilities simultaneously.

d) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract assets is assessed for impairment under the simplified approach in accordance with IFRS 9: Financial Instruments.

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 on a weighted average basis.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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) Properties under development

Properties under development are developed for future sale in the ordinary course of business by transfer to inventory properties, rather than to be held for rental or capital appreciation and are stated at the lower of cost or net realizable value. Sold properties in the course of development are stated at cost plus attributable profit/loss less progress billings. The cost of properties under development includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property. The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed.

g) Investment in associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group accounted for its investment in associates based on their financial statements as at September 30, 2020 with amendments for any material transactions for the period from October 1 up to December 31, 2020.

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired and determines if necessary, to recognize any impairment loss with respect to the investment. If this is the case, the entire carrying amount of the investment (including goodwill) is tested for impairment and the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

h) Investment properties

Investment properties comprise completed property, property under construction or re-development 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 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 of (i.e. at the date the recipient obtains control) 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 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, plant and equipment up to the date of change in use.

i) Property, plant and equipment

The initial cost of property, plant 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, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to consolidated 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, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Property, plant 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 consolidated statement of profit or loss for the period. The carrying values of property, plant 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
Furniture, fixtures and others	5
Tools, equipment and computers	3
Vehicles	5
Buildings	25
Right-of-use assets	3 - 25

Right of utilization of leasehold land is not depreciated and is stated at cost less impairment losses.

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, plant and equipment.

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

j) 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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Finance lease
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(ii) 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. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

(i) Right of use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities, The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KD 1,500). 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.

k) Intangible assets

Intangible assets are measured on initial recognition at cost, which comprises its purchase price, and any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss.

Intangible assets with indefinite useful lives are not amortized but tested for impairment annually either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and impairment losses, on the same basis as intangible assets that are acquired separately.

The useful lives of intangible assets are assessed to be either finite or indefinite. The estimated useful lives of intangible assets are as follows:

Medical copyrights	Indefinite
Trademark and tradename	Indefinite
Customer contracts	1 – 3 years
Other intangible assets	5 years

l) Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previously held interest, over the fair value of the identifiable assets, liabilities and contingent liabilities as at the date of the acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Where there is an excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost, the Group is required to reassess the identification and measurement of the net identifiable assets and measurement of the cost of the acquisition and recognize immediately in the consolidated statement of profit or loss any excess remaining after that remeasurement.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The Group's policy for goodwill arising on the acquisition of an associate is described under 'Investment in associates' in Note (2g).

m) 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.

n) Contract liabilities

A contract liability arises if a customer pays consideration, or if the Group has a right to consideration that is unconditional, before the good or service is transferred to the customer. Contract liabilities are recognized as revenue when the Group performs under the contract.

o) End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employees' contracts and the applicable labor laws in the countries where the subsidiaries operate. 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.

p) Dividends 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.

q) Share capital

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

r) 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.

s) 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 Group's company 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 shareholders of the Parent Company.

t) Other equity items

Other equity items are used to record the effect of changes in ownership interest in subsidiaries, without loss of control, the effect of changes in ownership interest in associates and other reserves.

u) Share-based payment transaction

The Group operates an equity-settled, share-based Employee Stock Option Plan (ESOP). Under the terms of the plan, share options are granted to eligible employees. The options are exercisable in future. The fair value of the options at the date on which they are granted is recognized as an expense over the vesting period with corresponding effect to equity. The fair value of the options is determined using Black-Scholes option pricing model.

The proceeds received and amount transferred from employees share option reserve are credited to capital (nominal value) and share premium when the options are exercised.

v) 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 arsing 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 of 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.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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:

(i) Manufacturing and sale of medical products

Performance obligations related to the Group's manufacturing and sale of medical products are satisfied at a point in time typically on delivery of the products as the Group predominantly manufactures those medical products to specific orders.

(ii) Sale of goods

Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized at the point in time when or as the Group transfers control of the goods to the customer. For standalone sales, that are neither customized by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods have been shipped to the specific location, have been purchased at store by the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. When such items are either customized or sold together with significant integration services, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the combined product is unique to each customer (has no alternative use) and the Group has an enforceable right to payment for the work completed to date. Revenue for these performance obligations is recognized over time as the customisation or integration work is performed.

When contracts involve supply of goods and installation services in exchange for a fixed fee, revenue is recognized over a period of time and is accounted for as a single performance obligation due to the high interdependence between the elements of the contract. When such contracts include after sales services, the total transaction price is allocated to each of the distinct performance obligations identifiable under the contract on the basis of the relative stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

(iii) Educational services
Revenue from education services represent registration and tuition fees where revenue is earned over time throughout the educational year where performance obligations are generally satisfied within the financial period.

(iv) Rendering of services
Revenue from services is recognized when the service is rendered.

(v) Contracting services
Revenues from engineering and construction contracts are recognised within the implementation period using the percentage of completion method in accordance with recognition criteria required by IFRS 15. The Group determined that the recognition criteria within the implementation period are still appropriate for its contracts on engineering and construction services.

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

(vii) Sale of properties under development
Revenue is recognized when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and is measured at the transaction price agreed under the contract.

(viii) Revenue on sale of properties
Revenue on sale of properties is recognized on the basis of the full accrual method as and when all of the following conditions are met:

- A sale is consummated and contracts are signed;
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- The Group's receivable is not subject to future subordination;
- The Group has transferred control to the buyer; and
- Work to be completed is either, easily measurable and accrued or is not significant in relation to the overall value of the contract.

(ix) Other income and expenses
Other income and expenses are recognized on an accrual basis.

w) 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. Provisions are not recognized for future operating losses.

x) 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 are 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.

y) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to KFAS is calculated at 1% of the profit attributable to 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 income from Kuwaiti shareholding subsidiaries and associates and transfer to statutory reserve. No KFAS has been provided since there was no eligible profit on which KFAS could be calculated for the year ended December 31, 2020.

z) National Labor Support Tax (NLST)

NLST is calculated at 2.5% of the profit attributable to 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 since there was no eligible profit on which NLST could be calculated for the year ended December 31, 2020.

Aa) Zakat

Zakat is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration, and after deducting the 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 since there was no taxable profit on which Zakat could be calculated for the year ended December 31, 2020.

Ab) 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 the 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 FVTPL are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as financial assets at 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 off.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Ac) 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.

Ad) 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.

Ae) Fiduciary assets

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

Af) 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) Judgments

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.

(i) Revenue recognition

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 are met requires significant judgment.

(ii) Determination of contract cost

Determination of costs which are directly related to the specific contract or attributable to the contract activity in general requires significant judgment. The determination of contract cost has a significant impact upon revenue recognition in respect of long-term contracts. The Group follows guidance of IFRS 15 for determination of contract cost and revenue recognition.

(iii) Classification of land

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:

a) Properties under development

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.

b) Work in progress

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.

c) Properties held for trading

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.

d) 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.

(iv) Allowances for expected credit losses and inventories

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 receivables and inventories involve significant judgment.

(v) Classification of financial assets

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.

(vi) Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business for the Group.

(vii) Control assessment

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.

(viii) Material non-controlling interests

The Parent Company's management considers any non-controlling interests which accounts for 20% or more of the related subsidiary's equity as material. Disclosures pertaining to those non-controlling interests are set out in Note 21.

(ix) Significant influence assessment

When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policy decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgment, involves consideration of the Group's representation on the investee's board of directors, participation in policy making decisions and material transactions between the investor and investee.

(x) 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 financial year are discussed below:

(i) 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.

(ii) 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.

(iii) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use" of the asset or the cash-generating unit to which the goodwill is allocated.

Estimating a value in use requires the Group to make an estimate of the expected future cash flows from the asset or the cash-generating unit and also choose an appropriate discount rate in order to calculate the present-value of the cash flows.

(iv) Long term contracts

Revenue from long term contracts is recognized in accordance with the cost to cost method (input method) measured by reference to the percentage that actual costs incurred to date bear to total estimated costs for each contract. The revenue recognition as per the above criteria should correspond to the actual work completed. The determination of estimated costs and the application of percentage of completion method involve estimation. Further, the budgeted cost and revenue should consider the claims and variations pertaining to the contract.

(v) Allowances for expected credit losses and inventories

The extent of allowances for expected credit losses and inventories involves estimation process. Allowance for expected credit losses is based on a forward looking ECL approach. 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.

(vi) Valuation of investment properties

The Group carries its investment properties at fair value, with change in fair values being recognized in the consolidated statement of profit or loss. The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13.

Two main methods were used to determine the fair value of the investment properties:

1. Income approach, where the property's value is estimated based on the 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'.

2. Comparative analysis is based on the assessment made by an independent real estate appraiser 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.

(vii) 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.

(viii) Impairment of properties under development

Properties under development are measured at the lower of cost and net realizable value. When there is an impairment indication, an estimate is made of their net realizable value. Estimation is performed based on expected selling prices, fair market value or with reference to recent market transactions of similar properties less incremental costs for disposing of the asset. Any difference between the net realizable value and carrying value is recognized in the consolidated statement of profit or loss.

(ix) Employee stock option plan

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for stock option plan transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

(x) Taxes

The Group recognizes a liability for the anticipated taxes levied in the jurisdictions of its activity based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions may have an impact on the carrying values of the deferred taxes.

(xi) 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 short-term funds

	2020	2019
Cash on hand and at banks	**23,066,451**	18,350,260
Short-term deposits (a)	**-**	10,500,000
Cash and short-term funds	**23,066,451**	28,850,260
Less: restricted cash at bank (b)	**(349,500)**	(349,500)
Cash and cash equivalents as presented in the consolidated statement of cash flows	**22,716,951**	28,500,760

(a) As at December 31, 2019, the effective rate of return on short-term deposits ranges from 2.75% to 3% per annum. These deposits had an average contractual maturity less than three months.

(b) Restricted cash at bank represents cash held in one of the local banks as collateral for letters of guarantee and letters of credits obtained by one of the Group's subsidiary.

4. Term deposits

The effective rate of return on term deposits ranges from 2.891% to 3.125% (2019: ranges from 2.89% to 3.27%) per annum. These deposits have an average contractual maturity ranging from one to five years (2019: ranging from one to five years).

Term deposits amounting to KD 175,000 (2019: KD 90,000) are pledged against Murabaha and Wakala payable (Note 15).

5. Financial assets at fair value through profit or loss ("FVTPL")

	2020	2019
Quoted securities	**28,400,520**	21,862,975
Unquoted securities	**12,380,172**	26,341,660
Investment funds	**169,322**	169,584
	40,950,014	48,374,219

Financial assets at FVTPL are denominated in the following currencies:

Currency	2020	2019
US Dollar	**7,528,807**	15,234,591
Pound Sterling	**2,108,798**	7,338,408
Kuwaiti Dinars	**27,648,612**	22,582,227
Euro	**3,663,797**	3,218,993
	40,950,014	48,374,219

Financial assets at FVTPL was valued based on the valuation basis as described in Note 33.

6. Accounts receivable and other debit balances

	2020	2019
Due from related parties (Note 27)	**2,139,403**	1,920,053
Advance payments (a)	**7,399,690**	5,891,720
Contract receivables	**3,833,613**	6,095,721
Contract assets	**29,894,410**	24,471,828
Retention receivables	**8,457,806**	7,195,879
Notes receivables	**6,729,974**	5,670,922
Trade receivables of subsidiaries	**17,300,504**	15,749,065
Staff receivables	**255,683**	440,191
Other debit balances	**15,239,171**	11,091,663
Allowance for expected credit losses (ECL) (b)	**(11,431,616)**	(8,949,669)
	79,818,638	69,577,373

(a) Advance payments represent the following:

	2020	2019
Advance payments to purchase investments	-	405,263
Advance payments to suppliers by subsidiaries	7,399,690	5,486,457
	7,399,690	5,891,720

(b) Allowance for expected credit losses (ECL)

The movement in the allowance for ECL during the year is as follows:

	2020	2019
Balance as at the beginning of the year	8,949,669	7,244,601
Net allowance for ECL charged during the year (Note 25)	2,481,947	1,705,068
Balance as at the end of the year	11,431,616	8,949,669

Accounts receivable and other debit balances are represented as follows:

	2020	2019
Current	64,624,031	57,139,586
Non-current	15,194,607	12,437,787
	79,818,638	69,577,373

7. Other assets

Other assets mainly include inventories relating to the subsidiaries' operations amounting to KD 10,995,179 as at December 31, 2020 (2019: KD 9,128,257).

8. Financial assets at fair value through other comprehensive income ("FVOCI")

	2020	2019
Quoted securities	87,746	212,209
Unquoted securities	14,500,327	23,771,514
Funds and portfolios	788,829	785,908
	15,376,902	24,769,631

Financial assets at FVOCI are denominated in the following currencies:

Currency	2020	2019
Kuwaiti Dinar	6,523,496	8,570,070
US Dollar	3,234,203	3,345,096
Bahraini Dinar	2,003,594	9,221,817
Others	3,615,609	3,632,648
	15,376,902	24,769,631

Financial assets at FVOCI with a carrying value of KD 5,644,470 (2019: KD 7,462,000) are pledged against Murabaha and Wakala payable (Note 15).

Financial assets at FVOCI was valued based on the valuation basis as described in Note 33.

9. Investment in associates

Name of the associate	Country of incorporation	Principal activities	Ownership percentage (%) 2020	Ownership percentage (%) 2019	2020	2019
Triple E Holding Company - K.S.C. (Holding) ("I")	State of Kuwait	Holding	**45.972**	47	**17,649,600**	18,100,946
Kuwait & Asia Holding Company - K.S.C. (Holding) ("II")	State of Kuwait	Holding	**41.14**	41.14	**8,244,038**	9,221,294
Al Ritaj Investment Company - K.S.C. (Closed) ("III")	State of Kuwait	Investment	**49.81**	49.81	**5,395,082**	6,502,088
Kuwait Real Estate Holding Company - K.S.C.P.	State of Kuwait	Real Estate	**32.23**	32.23	**1,354,469**	2,986,080
Ta'azur for Insurance Takaful Company - K.S.C. (Closed)	State of Kuwait	Insurance	**30**	30	**1,468,620**	1,516,692
National Company for Consumer Industries - K.S.C.P.	State of Kuwait	Holding	**20.04**	20.04	**757,428**	1,627,978
Al Imtiaz Global Real Estate Company - K.S.C. (Closed) (Note 2b(i))	State of Kuwait	Real estate	**49**	-	**489,259**	-
Ethraa International for Consultation Services Company - K.S.C. (Closed) (Note 2b(i))	State of Kuwait	Consulting	**49**	-	**968**	-
					35,359,464	39,955,078

The movement during the year is as follows:

	2020	2019
Balance at the beginning of the year	**39,955,078**	44,495,681
Disposals (a)	**(403,806)**	(371,136)
Transferred to financial assets at FVTPL	**-**	(3,146,522)
Effect of reclassification of subsidiaries to associates upon loss of control (Note 2b(i))	**497,054**	-
Group's share of results from associates	**(643,198)**	2,525,434
Group's share of other comprehensive loss from associates (Note 20)	**(2,751,461)**	(997,001)
Group's share of other equity movements in an associate (Note 20)	**-**	(652,517)
Impairment loss on investment in associates (b) (Note 25)	**(1,288,301)**	-
Cash dividends received from an associate	**-**	(1,584,100)
Non-controlling interests share from other equity movements in an associate	**-**	(305,832)
Non-controlling interests share from other comprehensive loss from associates	**(5,902)**	(8,929)
Balance at the end of the year	**35,359,464**	39,955,078

(a) During the year ended December 31, 2020, the Group partially sold its investment in the associate - Triple E Holding Company - K.S.C. (Holding) for an amount of KD 415,336, resulting in a gain of KD 11,530 (2019: the Group partially sold its investment in the associate - Human Soft Holding Company - K.S.C.P for an amount of KD 2,057,963, resulting in a gain of KD 1,686,827) that was recorded in the consolidated statement of profit or loss.

(b) Certain associates are listed in Boursa Kuwait. The carrying amount of the Group's investment in these listed associates is KD 2,111,897 (2019: KD 4,614,058) and their market value is KD 2,421,032 as at December 31, 2020 (2019: KD 2,162,651). During the year ended December 31, 2020, the Group recorded an impairment loss of KD 1,288,301 against its investment in these associates pursuant to an impairment exercise wherein the recoverable value of the associates were lower than the carrying values.

(c) Summarized financial information of material associates is as follows:

I. **Triple E Holding Company - K.S.C. (Holding)**

Summarized consolidated statement of financial position:

	2020	2019
Assets		
Current assets	**32,021,517**	30,573,895
Non-current assets	**10,113,493**	10,657,019
Total assets	**42,135,010**	41,230,914
Liabilities		
Current liabilities	**3,270,254**	2,329,650
Non-current liabilities	**472,693**	388,613
Total liabilities	**3,742,947**	2,718,263
Net assets	**38,392,063**	38,512,651
Group's ownership percentage in Triple E Holding Company - K.S.C. (Holding)	**45.972%**	47%
Carrying value of Triple E Holding Company - K.S.C. (Holding)	**17,649,600**	18,100,946

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

	2020	2019
Operating revenue	**454,527**	487,760
Other expenses	**(2,729,434)**	(2,080,390)
Other income	**2,282,587**	3,051,294
Net profit	**7,680**	1,458,664
Group's share of associate's results	**3,531**	685,572

II. **Kuwait & Asia Holding Company - K.S.C. (Holding)**

Summarized consolidated statement of financial position:

	2020	2019
Assets		
Current assets	**9,792,085**	10,069,952
Non-current assets	**10,594,365**	12,650,172
Total assets	**20,386,450**	22,720,124
Liabilities		
Current liabilities	**166,019**	165,697
Non-current liabilities	**181,447**	140,004
Total liabilities	**347,466**	305,701
Net assets	**20,038,984**	22,414,423
Group's ownership percentage in Kuwait & Asia Holding Company - K.S.C. (Holding)	**41.14%**	41.14%
Carrying value of Kuwait & Asia Holding Company - K.S.C. (Holding)	**8,244,038**	9,221,294

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

	2020	2019
Operating (loss) revenue	(238,184)	590,106
Other expenses	(392,929)	(388,766)
Other income	4,340	50,278
Net (loss) profit	(626,773)	251,618
Group's share of associate's results	(257,854)	103,516

III. **Al Ritaj Investment Company - K.S.C. (Closed)**

Summarized consolidated statement of financial position:

	2020	2019
Assets		
Current assets	3,697,307	3,290,138
Non-current assets	10,706,914	11,777,907
Total assets	14,404,221	15,068,045
Liabilities		
Current liabilities	1,065,551	27,316
Non-current liabilities	535,524	15,125
Total liabilities	1,601,075	42,441
Net assets	12,803,146	15,025,604
Group's ownership percentage in Al Ritaj Investment Company - K.S.C.(Closed)	49.81%	49.81%
	6,377,247	7,484,253
Elimination of gain from an upstream transaction (a)	(982,165)	(982,165)
Carrying value of Al Ritaj Investment Company - K.S.C. (Closed)	5,395,082	6,502,088

(a) Represents the elimination of gain from the sale of the associate's subsidiary to the Parent Company during the year ended December 31, 2018 which is eliminated to the extent of the Group's ownership interest in the associate as per requirements of "IAS 28: Investments in Associates and Joint Ventures" and as explained in the accounting policy for associates in Note 2(g).

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

	2020	2019
Operating revenue	31,993	1,905,168
Other expenses	(250,223)	(172,193)
Other income	57,377	85,311
Net (loss) profit	(160,853)	1,818,286
Group's share of associate's results	(80,121)	905,688

10. Investment properties

The movement during the year is as follows:

	2020	2019
Balance at the beginning of the year	**56,738,230**	58,311,797
Disposals (a)	**(2,372,722)**	(364,176)
Additions	**627,962**	-
Transferred to property, plant and equipment	**-**	(1,711,000)
Changes in fair value	**(9,016,640)**	495,638
Foreign currency translation adjustments	**(208,269)**	5,971
Balance at the end of the year	**45,768,561**	56,738,230

(a) During the year ended December 31, 2020, the Group had sold certain investment properties with a carrying value of KD 2,372,722 (2019: KD 364,176) for an amount of KD 2,240,360 (2019: KD 391,267) that resulted in a loss of KD 132,362 (2019: gain of KD 27,091) recorded in the consolidated statement of profit or loss.

Management of the Group has complied with the Executive Regulations of the Capital Markets Authority regarding the valuation of investment properties.

The fair value of investment properties as at December 31, 2020 has been determined by external licensed and certified valuers.

Investment properties include properties with a carrying value amounting to KD 30,503,155 (2019: KD 29,352,570) pledged against Murabaha and Wakala payable (Note 15).

Investment properties with a fair value of KD 1,575,118 (2019: KD 4,505,253) located outside State of Kuwait are registered in name of another parties and are recorded in favour of the Group based on a purchase contract and assignment letters.

In estimating the fair value of investment properties, the valuers had used the valuation techniques listed in the following schedule, taking into consideration the nature and usage of the investment properties:

Class of investment property	Valuation technique	2020	2019
Land	Sales comparison	**8,689,721**	14,250,139
Residential buildings	Income capitalization	**6,325,585**	8,125,000
Commercial buildings	Sales comparison	**29,821,255**	31,818,091
Commercial buildings	Income capitalization	**932,000**	2,545,000
		45,768,561	56,738,230

Investment properties were valued based on the valuation basis as described in Note 33.

11. Property, plant and equipment

	Furniture, fixtures and others	Tools, equipment and computers	Vehicles	Buildings (a)	Land	Right of utilization of leasehold land (b)	Right-of-use assets	Total
Cost:								
As at December 31, 2019	5,764,974	25,614,594	2,241,221	13,360,574	7,979,941	4,635,000	3,395,647	62,991,951
Additions	149,973	7,471,655	585,744	1,619,423	-	-	-	9,826,795
Disposals	-	(876,712)	(547,933)	(7,085)	-	-	-	(1,431,730)
Write-off	(796,350)	(1,317,434)	-	(44,773)	-	-	-	(2,158,557)
Foreign currency translation adjustments	82,761	321,409	20,336	57,370	-	-	92,650	574,526
As at December 31, 2020	**5,201,358**	**31,213,512**	**2,299,368**	**14,985,509**	**7,979,941**	**4,635,000**	**3,488,297**	**69,802,985**
Accumulated depreciation and impairment losses:								
As at December 31, 2019	3,692,850	14,195,532	1,919,832	4,238,076	-	1,605,805	788,335	26,440,430
Charge for the year	319,189	3,672,410	283,167	458,423	-	-	118,167	4,851,356
Related to disposals	-	(874,254)	(547,891)	(5,772)	-	-	-	(1,427,917)
Related to write-off	(796,350)	(1,317,434)	-	(44,773)	-	-	-	(2,158,557)
Impairment losses (Note 25)	-	12,187	-	-	739,493	1,106,169	-	1,857,849
Foreign currency translation adjustments	16,454	94,374	15,208	3,676	-	-	39,275	168,987
As at December 31, 2020	**3,232,143**	**15,782,815**	**1,670,316**	**4,649,630**	**739,493**	**2,711,974**	**945,777**	**29,732,148**
Net book value:								
As at December 31, 2020	**1,969,215**	**15,430,697**	**629,052**	**10,335,879**	**7,240,448**	**1,923,026**	**2,542,520**	**40,070,837**
As at December 31, 2019	2,072,124	11,419,062	321,389	9,122,498	7,979,941	3,029,195	2,607,312	36,551,521

(a) Buildings include capital work in progress with a carrying value of KD 147,054 representing building under construction on land leased from the Public Authority of Agriculture Affairs and Fish Resources in Al-Abdali area with a lease contract which will expire on April 18, 2036.

(b) Right of utilization represents land leased by one of the Group's subsidiary from the "Public Authority for Industry" based on a contract to utilize the area in Subhan Industrial block, which will expire on August 25, 2024 and it is renewable. Right of utilization of leasehold land is carried at cost less impairment losses. During the year ended December 31, 2020, the Group recognized KD 1,106,169 as impairment loss on the right of utilization of leasehold land. The fair value of the right of utilization had been determined based on the valuation carried out by accredited independent valuer.

Property, plant and equipment includes properties with a carrying value of KD 4,428,769 (2019: KD 4,703,070) are pledged against Murabaha and Wakala payable (Note 15).

12. Intangible assets and Goodwill

	Medical copyrights	Trademark and tradename	Customer contracts	Other intangible assets	Sub-total	Goodwill	Total
Cost:							
As at December 31, 2019	20,709,027	8,139,512	1,255,570	4,372,771	34,476,880	36,306,549	70,783,429
Additions	-	-	-	38,736	38,736	-	38,736
As at December 31, 2020	**20,709,027**	**8,139,512**	**1,255,570**	**4,411,507**	**34,515,616**	**36,306,549**	**70,822,165**
Accumulated amortization:							
As at December 31, 2019	7,654,346	-	810,585	2,980,516	11,445,447	-	11,445,447
Charge for the year	-	-	444,985	115,762	560,747	-	560,747
Foreign currency translation adjustments	-	-	-	2,084	2,084	-	2,084
As at December 31, 2020	**7,654,346**	**-**	**1,255,570**	**3,098,362**	**12,008,278**	**-**	**12,008,278**
Net carrying amount:							
As at December 31, 2020	**13,054,681**	**8,139,512**	**-**	**1,313,145**	**22,507,338**	**36,306,549**	**58,813,887**
As at December 31, 2019	13,054,681	8,139,512	444,985	1,392,255	23,031,433	36,306,549	59,337,982

Intangible assets with indefinite life and Goodwill

The carrying value of intangible assets with indefinite life and goodwill are tested for impairment on an annual basis (or more frequently if evidence exists that intangible assets with indefinite life and goodwill might be impaired) by estimating the recoverable amount of the cash-generating unit ("CGU") using value-in-use calculations unless fair value based on active market price is higher than the carrying value of the CGU. The recoverable amount of each segment unit has been determined based on a value in use calculation, using cash flow projections approved by senior management covering a five-year period. The discount rates used is in the range from 10% to 18% (2019: range from 12% to 16.71%) applied to cash flow projections over a five-year period. Cash flows beyond the five-year period are extrapolated using a projected growth rate in a range from 2% to 4% (2019: range from 2.7% to 4%).

Based on the impairment test of intangible assets with indefinite life and goodwill performed by independent third party valuers, there was no indication of impairment for the year ended December 31, 2020.

Intangible assets and Goodwill are monitored by management at the level of operating segments as identified in segment reporting (Note 31).

A segment- level summary of the goodwill and intangible assets allocation is presented below:

2020	Goodwill	Intangible assets
Operating segment:		
Healthcare	**8,914,635**	**13,072,332**
IT solutions and fintech	**22,817,638**	**7,294,266**
Food sales	**4,574,276**	**2,140,740**
Total	**36,306,549**	**22,507,338**
2019		
Operating segment:		
Healthcare	8,914,635	13,069,118
IT solutions and fintech	22,817,638	7,782,782
Food sales	4,574,276	2,179,533
Total	36,306,549	23,031,433

The calculation of value in use for each segment unit is sensitive to the following assumptions:
- Discount rates;
- Market share assumptions;
- Projected growth rates used to extrapolate cash flows beyond the budget period; and
- Inflation rates.

Discount rates:
Discount rates reflect management's estimate of return on capital employed (ROCE) required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using the Weighted Average Cost of Capital (WACC).

Market share assumptions:
These assumptions are important because, as well as using industry data for growth rates, management assess how the unit's relative position to its competitors might change over the budget period.

Projected growth rates:
Assumptions are based on published industry research.

Inflation rates:
Estimates are obtained from published indices for countries where the Group operates.

Sensitivity to changes in assumptions:
Management has determined that the potential effect of using reasonably possible alternatives as inputs to the valuation model does not materially affect the carrying values of intangible assets and goodwill using less favourable assumptions.

13. Bank facilities

Bank facilities mainly include the following:

- Bank facilities amounting to KD 2,655,772 (2019: KD 3,217,858) granted to Delta Pharmaceutical Industries Company (subsidiary of Al Ritaj Holding Company – K.S.C. (Holding)) by Egyptian banks carrying an average cost rate of 9.60% (2019: 15.5%) per annum. Bank facilities are secured against insurance policies and promissory notes.

- Overdraft facilities amounting to KD 3,854,902 (2019: KD 3,540,994) granted by Egyptian banks to Pharaonia Pharmaceutical Company (subsidiary of Al Ritaj Holding Company – K.S.C. (Holding)) carrying an average cost rate of 1% over the Central Bank of Egypt corridor rate (2019: 1%) per annum. Overdraft facilities are secured against promissory notes.

14. Accounts payable and other credit balances

	2020	2019
Due to related parties (Note 27)	**7,271,946**	5,403,081
Trade payables of subsidiaries	**9,398,150**	6,163,908
Accrued staff bonus	**1,080,000**	1,789,070
Accrued staff leave	**3,022,643**	1,644,681
Advances received from customers	**11,811,527**	11,273,853
Accrued expenses	**9,820,413**	7,710,957
Dividends payable	**268,764**	311,256
KFAS payable	**116,533**	160,912
NLST payable	**568,314**	568,314
Zakat payable	**89,087**	391,353
Board of Directors' remuneration payable	**7,000**	121,000
Payable towards acquisition of a subsidiary	**6,325,330**	7,012,288
Other credit balances	**12,585,945**	14,229,657
	62,365,652	56,780,330

The classification of accounts payable and other credit balances according to their due dates for payments is as follows:

	2020	2019
Current	**35,873,043**	36,771,552
Non-current	**26,492,609**	20,008,778
	62,365,652	56,780,330

15. Murabaha and Wakala payable

Murabaha and Wakala payable represent contracts with Islamic financial institutions, local and foreign banks, and other parties with due date ranging from three months to seven years. The average annual cost rate of Murabaha and Wakala payable is ranging from 1.75% to 5.25% (2019: ranging from 2.25% to 3.25%) over the Central Bank of Kuwait discount rate.

Murabaha payable of the Parent Company with a carrying value of KD 21,431,929 (2019: KD 21,502,945) is secured by pledging of investment properties with a carrying value of KD 21,227,570 (2019: KD 21,227,570) (Note10) and property, plant and equipment with a carrying value of KD 4,428,769 (2019: KD 4,703,070) (Note 11) owned by Al Imtiaz International Real Estate Company - K.S.C. (Closed) (a subsidiary of the Group).

Certain of Murabaha payables of Al Dar Engineering and Contracting Company - K.S.C. (Closed) (a subsidiary of the Group) are secured against assignment of certain contract revenue.

Murabaha payable of Majd Food Company - K.S.C. (Closed) (a subsidiary of the Group) with a carrying value of KD 607,417 (2019: KD 277,396) is secured against term deposits of KD 175,000 (2019: KD 90,000) (Note 4).

Murabaha payable of Dimah Capital Investment Company - K.S.C. (Closed) (a subsidiary of the Group) with a carrying value of KD 10,984,637 (2019: KD 10,855,250) is secured against pledge of financial assets at FVOCI with a carrying value amounting to KD 5,644,470 (2019: KD 7,462,000) (Note 8), investment properties with a carrying value of KD 9,275,585 (2019: KD 8,125,000) (Note 10) and 35,704,644 shares of Al Imtiaz Investment Group Company - K.S.C. (Public) (2019: 35,704,644 shares) (Note 17).

Murabaha payable of Al Ritaj Holding Company - K.S.C. (Holding) (a subsidiary of the Group) with a carrying value of KD 7,542,738 (2019: KD 9,504,429) is secured against pledging its investment in the shares of the following subsidiaries:

Name of the subsidiary	No. of shares
Delta Pharmaceutical Industries Company (Delta Pharma) – S.A.E.	4,512,397
Pharaonia Pharmaceutical Company (Pharo Pharma) – S.A.E.	8,173,644

The classification of Murabaha and Wakala payable according to their due dates for payments is as follows:

	2020	2019
Current	**30,017,844**	23,604,124
Non-current	**25,864,166**	28,697,730
	55,882,010	52,301,854

16. Share capital

The authorized, issued and paid up capital consists of 1,133,617,350 (2019: 1,133,617,350) shares with a nominal value of 100 fils each and all shares are paid in cash.

17. Treasury shares

	2020	2019
Number of shares (shares)	**106,130,142**	106,130,142
Percentage of issued shares (%)	**9.36%**	9.36%
Market value (KD)	**11,780,445**	13,160,138
Cost (KD)	**10,041,090**	10,041,090

The Parent Company's management has allotted an amount equal to treasury shares balance from the reserves as at December 31, 2020. This balance is not available for distribution during the Group's retention period of these treasury shares.

The treasury shares as at December 31, 2020 are represented as follows:

Ownership	Number of shares	
Parent Company (direct ownership)	60,510,498	Not pledged
Subsidiaries (indirect ownership)	45,619,644	35,704,644 pledged shares (Note 15) and 9,915,000 shares are not pledged
Total number of shares	**106,130,142**	

18. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to 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. Since there is a net loss for the year, there was no transfer to statutory reserve during the year.

19. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. Since there is a net loss for the year, there was no transfer to voluntary reserve during the year.

20. Other equity items

	Employee stock option reserve	Fair value reserve of financial assets at FVOCI	Property revaluation surplus	Foreign currency translation reserve	Effect of changes in associates' other comprehensive income (loss)	Effect of other equity movements in associates	Effect of changes in ownership interest in subsidiaries' equity	Effect of other equity movements in a subsidiary	Reserve for gain (loss) on disposal of financial assets at FVOCI	Total
Balance as at December 31, 2018	1,023,828	(3,298,832)	1,884,506	(3,761,225)	503,650	-	1,529,599	-	1,032,501	(1,085,973)
Loss on disposal of financial assets at FVOCI	-	-	-	-	-	-	-	-	(303,958)	(303,958)
Transfer of reserve for gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	(1,032,501)	(1,032,501)
Effect of other equity movements in an associate (Note 9)	-	-	-	-	-	(652,517)	-	-	-	(652,517)
Total comprehensive (loss) income for the year	-	(250,832)	-	509,887	(997,001)	-	-	-	-	(737,946)
Balance as at December 31, 2019	1,023,828	(3,549,664)	1,884,506	(3,251,338)	(493,351)	(652,517)	1,529,599	-	(303,958)	(3,812,895)
Transfer loss on disposal of financial assets at FVOCI	-	800,904	-	-	-	-	-	-	(800,904)	-
Transfer of reserve for loss on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	303,958	303,958
Effect of other equity movements in a subsidiary	-	-	-	-	-	-	-	(57,726)	-	(57,726)
Total comprehensive (loss) income for the year	-	(10,573,899)	-	339,889	(2,751,461)	-	-	-	-	(12,985,471)
Balance as at December 31, 2020	**1,023,828**	**(13,322,659)**	**1,884,506**	**(2,911,449)**	**(3,244,812)**	**(652,517)**	**1,529,599**	**(57,726)**	**(800,904)**	**(16,552,134)**

21. Principal subsidiaries with major non-controlling interests which are material to the Group

Subsidiaries with material non-controlling interests of the Group are presented as follows:

Name of the subsidiary	Country of incorporation	Principal activities	Ownership interest held by the non-controlling interests (%)		Carrying value of non-controlling interests in the subsidiary (KD)	
			2020	2019	2020	2019
Al Dar Engineering and Contracting Company-K.S.C. (Closed) ("I")	State of Kuwait	Contracting	**49.31**	49.31	**7,414,730**	8,213,511
Dimah Capital Investment Company -K.S.C. (Closed) ("II")	State of Kuwait	Investment	**32.24**	32.24	**16,310,367**	23,139,339
Al Ritaj Holding Company-K.S.C. (Holding) ("III")	State of Kuwait	Holding	**7.53**	7.53	**5,642,663**	4,119,818
Majd Food Company-K.S.C. (Closed) ("IV")	State of Kuwait	Food processing	**39**	39	**1,722,151**	1,466,220

Summarized financial information of subsidiaries that have non-controlling interests which are material to the Group are as follows:

I. Al Dar Engineering and Contracting Company - K.S.C. (Closed)

Summarized consolidated statement of financial position:

	2020	2019
Current assets	**41,053,716**	36,158,928
Current liabilities	**(41,517,314)**	(32,289,372)
Net current assets	**(463,598)**	3,869,556
Non-current assets	**19,899,885**	16,268,517
Non-current liabilities	**(4,399,317)**	(3,481,185)
Net non-current assets	**15,500,568**	12,787,332
Net assets	**15,036,970**	16,656,888
Ownership interest held by the non-controlling interests (%)	**49.31%**	49.31%
Carrying value of non-controlling interests in the subsidiary	**7,414,730**	8,213,511

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

	2020	2019
Net (loss) profit	**(1,298,585)**	2,878,495
Other comprehensive loss	**(296,930)**	(125,618)
Total comprehensive (loss) income	**(1,595,515)**	2,752,877
Comprehensive (loss) income attributable to non-controlling interests	**(786,225)**	1,357,444

II. Dimah Capital Investment Company - K.S.C. (Closed)

Summarized consolidated statement of financial position:

	2020	2019
Current assets	**25,061,467**	31,690,576
Current liabilities	**(12,837,470)**	(12,561,675)
Net current assets	**12,223,997**	19,128,901
Non-current assets	**38,671,095**	52,887,361
Non-current liabilities	**(304,624)**	(244,119)
Net non-current assets	**38,366,471**	52,643,242
Net assets	**50,590,468**	71,772,143
Ownership interest held by the non-controlling interests (%)	**32.24%**	32.24%
Carrying value of non-controlling interests in the subsidiary	**16,310,367**	23,139,339

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

	2020	2019
Net (loss) profit	**(17,929,279)**	2,323,473
Other comprehensive loss	**(3,256,234)**	(75,864)
Total comprehensive (loss) income	**(21,185,513)**	2,247,609
Comprehensive (loss) income attributable to non-controlling interests	**(6,830,209)**	724,629

III. Al Ritaj Holding Company - K.S.C. (Holding)

Summarized consolidated statement of financial position:

	2020	2019
Current assets	**19,783,313**	15,268,824
Current liabilities	**(16,379,978)**	(13,510,345)
Net current assets	**3,403,335**	1,758,479
Non-current assets	**24,601,885**	28,479,484
Non-current liabilities	**(7,038,699)**	(11,472,451)
Net non-current assets	**17,563,186**	17,007,033
Net assets attributable to shareholders of the Parent Company	**20,966,521**	18,765,512
Ownership interest held by the non-controlling interests (%)	**7.53%**	7.53%
Carrying value of non -controlling interests of Al Ritaj Holding Company - K.S.C. (Holding)	**1,578,779**	1,413,043
Carrying value of non-controlling interests in subsidiaries of Al Ritaj Holding Company - K.S.C. (Holding)	**4,063,884**	2,706,775
Total non-controlling interests	**5,642,663**	4,119,818

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

	2020	2019
Net profit	**1,953,975**	175,989
Other comprehensive income	**334,374**	544,714
Total comprehensive income	**2,288,349**	720,703
Comprehensive income attributable to non-controlling interests	**172,313**	54,269

IV. Majd Food Company - K.S.C. (Closed)

Summarized consolidated statement of financial position:

	2020	2019
Current assets	3,586,087	2,196,751
Current liabilities	(1,443,150)	(747,287)
Net current assets	2,142,937	1,449,464
Non-current assets	2,487,081	2,537,410
Non-current liabilities	(214,246)	(227,336)
Net non-current assets	2,272,835	2,310,074
Net assets	4,415,772	3,759,538
Ownership interest held by the non-controlling interests (%)	39%	39%
Carrying value of non-controlling interests in the subsidiary	1,722,151	1,466,220

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

	2020	2019
Net profit (loss)	756,235	(138,728)
Other comprehensive income	-	-
Total comprehensive income (loss)	756,235	(138,728)
Comprehensive income (loss) attributable to non-controlling interests	294,932	(54,104)

22. Net investment loss

	2020	2019
Unrealized loss from changes in fair value of financial assets at FVTPL	(6,450,128)	(3,367,701)
Realized gain on sale of financial assets at FVTPL	37,174	60,207
Dividend income	1,239,059	3,020,519
	(5,173,895)	(286,975)

23. Net operating income from operations of subsidiaries

Net operating income from operations of subsidiaries represents gross profit from the main activities of the subsidiaries which is presented as follows:

	2020	2019
Engineering and construction	5,778,269	8,120,290
Sales and medical activities	12,452,230	8,250,819
IT solutions and fintech	4,970,713	7,899,923
Education	3,004,407	2,673,692
Food sales	2,803,777	2,698,315
	29,009,396	29,643,039

24. General and administrative expenses

	2020	2019
Salaries, incentives, bonus and other employees' cost	14,755,354	15,337,678
Other general and administrative expenses	7,012,860	7,125,943
	21,768,214	22,463,621

Staff costs included in selling and marketing expenses amounted to KD 2,641,599 (2019: KD 2,742,126).

25. Impairment loss and other net provisions

	2020	2019
Net allowance for ECL charged (Note 6 b)	**2,481,947**	1,705,068
Provision for slow-moving inventories	**176,537**	290,535
Provision for legal cases	**3,470,810**	2,148,960
Impairment loss on properties under development (a)	**1,253,732**	-
Impairment loss on property, plant and equipment (Note 11)	**1,857,849**	-
Impairment loss on investment in associates (Note 9)	**1,288,301**	-
Others (net)	**(16,303)**	(3,811)
	10,512,873	4,140,752

(a) During the year ended December 31, 2020, the Group recognized KD 1,253,732 as impairment loss on properties under development. The net realizable value of these properties had been determined based on the valuation carried out by foreign accredited independent valuer. In estimating the net realizable value of these properties, the sales comparison approach has been used, considering the nature and usage of the properties under development.

26. Basic and diluted (loss) earnings per share attributable to shareholders of the Parent Company (Fils)

There are no potential dilutive ordinary shares. Basic and diluted (loss) earnings per share is computed by dividing the (loss) profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	2020	2019
(Loss) profit for the year attributable to shareholders of the Parent Company	**(20,995,798)**	19,718,057
Number of outstanding shares:		
Number of issued and fully paid-up shares at the beginning of the year	**1,133,617,350**	1,133,617,350
Less: weighted average number of treasury shares	**(106,130,142)**	(106,118,923)
Weighted average number of shares outstanding	**1,027,487,208**	1,027,498,427
	Fils	Fils
Basic and diluted (loss) earnings per share attributable to shareholders of the Parent Company	**(20.43)**	19.19

As there are no dilutive instruments outstanding, basic and diluted (loss) earnings per share attributable to shareholders of the Parent Company are identical.

27. Related party balances and transactions

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

	Associates	Major shareholders	Other related parties	**2020**	2019
(i) Balances included in the consolidated statement of financial position:					
Accounts receivable and other debit balances (Note 6)	432,719	523,416	1,183,268	**2,139,403**	1,920,053
Allowance for expected credit losses	-	-	(1,183,268)	**(1,183,268)**	(1,183,268)
Net accounts receivable and other debit balances	432,719	523,416	-	**956,135**	736,785
Accounts payable and other credit balances (Note 14)	7,052,471	-	219,475	**7,271,946**	5,403,081
Murabaha and Wakala payable	-	-	-	**-**	1,232,687
(ii) Transactions included in the consolidated statement of profit or loss:					
Net rental income	282,506	-	-	**282,506**	280,024
Finance charges	15,044	-	-	**15,044**	41,591
Net operating income from subsidiaries	2,102,944	-	-	**2,102,944**	3,932,788
(iii) Compensation to key management personnel of the Parent Company:					
Salaries, incentives and remuneration				**1,134,127**	1,209,728
End of service indemnity				**58,955**	67,609
Post-employment benefits				**66,169**	60,444

The related party transactions are subject to approval by Shareholders of the Parent Company in the Annual General Assembly.

28. Fiduciary assets

The aggregate value of assets held in a trust or fiduciary capacity by the Parent Company (accounts off the consolidated statement of financial position) as at December 31, 2020 amounted to KD 86,831,296 (2019: KD 110,675,810).

29. General Assembly, cash dividends and Board of Directors' remuneration

The Board of Directors' meeting held on January 31, 2021 proposed not to distribute cash dividends and not to distribute Board of Directors' remuneration for the financial year ended December 31, 2020. These proposals are subject to the approval of the Shareholders' Annual General Assembly.

The shareholders' Annual General Assembly held on June 10, 2020 approved:

(i) The consolidated financial statements for the financial year ended December 31, 2019.
(ii) Board of Directors' proposal not to distribute cash dividends and Board of Directors' remuneration for the financial year ended December 31, 2019 based on the Board of Directors' decision taken in its meeting dated April 7, 2020 to cancel the previous proposals to distribute cash dividends and Board of Directors' remuneration for the financial year ended December 31, 2019. Accordingly, the Group reversed the Board of Directors' remuneration amounting to KD 119,000 during the year ended December 31, 2020 and recorded in the consolidated statement of profit or loss under "other income".

The Shareholders' Annual General Assembly held on March 20, 2019 approved the consolidated financial statements for the year ended December 31, 2018, approved to distribute cash dividends of 8 fils per share amounting to KD 8,219,898 and approved the Board of Directors' remuneration amounting to KD 114,750 for the financial year ended December 31, 2018.

30. Capital commitments and contingent liabilities

a) Capital commitments

	2020	2019
Capital commitments of subsidiaries	**460,423**	2,143,371

b) Contingent liabilities

	2020	2019
Letters of guarantee	**28,868,978**	31,761,007
Letters of credit	**2,972,864**	1,603,258
	31,841,842	33,364,265

31. Segment reporting

Operating segments are identified on the basis of internal reports about the Group's components which are regularly reviewed by the chief operating decision maker so as to evaluate their performance. The management has classified the Group's products and services into the following operational segments "Operating Segments":

- Investment properties
- Financial investments
- Healthcare
- Education
- Oil and construction
- IT solutions and fintech
- Food sales
- Others (net)

The following information relates to the Group's segment reporting:

a) Segment revenue and results:

	Segment revenue		Segment profit	
	2020	2019	**2020**	2019
Investment properties	**(6,550,119)**	3,627,680	**(7,289,612)**	3,439,223
Financial investments	**(2,402,802)**	3,341,085	**(9,143,470)**	934,819
Healthcare	**12,969,540**	9,297,891	**9,103,237**	6,350,063
Education	**3,086,117**	28,470,071	**1,281,695**	28,430,593
Oil and construction	**5,838,466**	8,947,006	**3,981,248**	7,751,339
IT solutions and fintech	**5,520,527**	8,159,055	**4,814,466**	5,582,101
Food sales	**2,796,845**	2,710,431	**3,058,156**	2,413,177
Others (net)	**(63,452)**	135,340	**(63,453)**	135,340
Total	**21,195,122**	64,688,559	**5,742,267**	55,036,655
General and administrative expenses			**(21,768,214)**	(22,463,621)
Selling and marketing expenses			**(4,509,161)**	(5,150,212)
Depreciation and amortization			**(5,412,103)**	(4,340,145)
Others (net)			**-**	(689,970)
(Loss) profit for the year			**(25,947,211)**	22,392,707

b) Segment assets and liabilities:

For the purposes of monitoring segment performance and allocating resources between segments, the segment assets and liabilities are as follows:

	2020	2019
Segment assets:		
Investment properties	**73,593,501**	106,439,785
Financial investments	**43,271,588**	57,102,908
Healthcare	**49,697,214**	46,822,475
Education	**35,599,815**	31,255,525
Oil and construction	**78,072,018**	69,670,013
IT solutions and fintech	**57,333,933**	51,307,458
Food sales	**10,595,558**	9,256,554
Others	**4,449,767**	5,781,503
Total segment assets	**352,613,394**	377,636,221
Segment liabilities:		
Investment properties	**1,389,004**	2,033,114
Financial investments	**19,219,839**	19,927,233
Healthcare	**19,900,520**	22,216,155
Education	**3,590,254**	1,765,599
Oil and construction	**52,551,244**	41,164,522
IT solutions and fintech	**40,822,441**	36,414,041
Food sales	**1,657,159**	994,074
Total segment liabilities	**139,130,461**	124,514,738

32. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and short-term funds, term deposits, financial assets at FVTPL, accounts receivable and other debit balances, financial assets at FVOCI, bank facilities, accounts payable and other credit balances, lease liabilities, Murabaha and Wakala 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.

a) 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 at banks, short-term bank deposits, term deposits and accounts receivables. Receivables are presented net of allowance for doubtful debts. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

Cash at banks, short-term bank deposits and term deposits

The Group's cash at banks, short-term bank deposits 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, short-term bank deposits 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 and contract assets

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 and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, short-term bank deposits, term deposits and accounts receivables.

The Group manages its credit facilities with the objective of ensuring that it is well diversified and it earns a level of return appropriate to the risk it assumes. In the normal course of business, the Group deploys its funds in various credit facilities, with the primary objective of generating profit for the shareholder. However, at the same time, the Group seeks to ensure the quality of the credit facilities. The Group continually strives to achieve an optimal balance between the return and the credit quality of the portfolio.

Maximum exposure to credit risk before collateral held or credit enhancements is as follows:

	2020	2019
Consolidated statement of financial position		
Cash and short-term funds	**23,066,451**	28,850,260
Term deposits	**205,000**	131,000
Accounts receivable and other debit balances (except advance payments)	**72,418,948**	63,685,653
	95,690,399	92,666,913

Maximum geographical concentration exposure to credit risk

The maximum exposure of financial assets to credit risk as at the date of consolidated financial statements is as follows:

2020	GCC	Other Middle East, Africa and Europe	Total
Financial assets			
Cash and short-term funds	**22,415,766**	**650,685**	**23,066,451**
Term deposits	**205,000**	**-**	**205,000**
Accounts receivable and other debit balances (except advance payments)	**71,437,065**	**981,883**	**72,418,948**
	94,057,831	**1,632,568**	**95,690,399**
2019			
Financial assets			
Cash and short-term funds	28,161,352	688,908	28,850,260
Term deposits	131,000	-	131,000
Accounts receivable and other debit balances (except advance payments)	62,718,581	967,072	63,685,653
	91,010,933	1,655,980	92,666,913

b) 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 investments that are readily realizable, along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves, maintaining valid and available credit lines with banks, and matching the maturity profiles of financial assets and liabilities.

Liquidity risk management process

The Group's liquidity risk management process, as carried out within the Group includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met;
- Maintaining portfolios of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows;
- Monitoring consolidated statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

The following table shows the analysis of maturities for the assets and liabilities of the Group:

2020

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets						
Cash and short-term funds	23,066,451	-	-	-	-	23,066,451
Term deposits	-	-	-	205,000	-	205,000
Financial assets at FVTPL	-	-	40,950,014	-	-	40,950,014
Accounts receivable and other debit balances	27,000	33,084,330	31,512,701	15,194,607	-	79,818,638
Other assets	-	3,049,571	8,354,798	450,152	-	11,854,521
Properties under development	-	-	-	1,329,119	-	1,329,119
Financial assets at FVOCI	-	-	-	15,376,902	-	15,376,902
Investment in associates	-	-	-	-	35,359,464	35,359,464
Investment properties	-	-	-	-	45,768,561	45,768,561
Property, plant and equipment	-	-	-	-	40,070,837	40,070,837
Intangible assets	-	-	-	-	22,507,338	22,507,338
Goodwill	-	-	-	-	36,306,549	36,306,549
Total assets	23,093,451	36,133,901	80,817,513	32,555,780	180,012,749	352,613,394
Liabilities						
Bank facilities	-	-	9,474,729	157,799	-	9,632,528
Accounts payable and other credit balances	15,675,648	7,559,498	12,637,897	26,492,609	-	62,365,652
Lease liabilities	30,800	83,142	927,758	1,483,934	-	2,525,634
Murabaha and Wakala payable	166,025	747,113	29,104,706	13,501,666	12,362,500	55,882,010
Provision for end of service indemnity	-	-	-	-	8,724,637	8,724,637
Total liabilities	15,872,473	8,389,753	52,145,090	41,636,008	21,087,137	139,130,461

2019

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets						
Cash and short-term funds	28,850,260	-	-	-	-	28,850,260
Term deposits	-	-	11,000	120,000	-	131,000
Financial assets at FVTPL	-	-	48,374,219	-	-	48,374,219
Accounts receivable and other debit balances	76,467	19,766,962	37,296,157	12,437,787	-	69,577,373
Other assets	-	3,049,571	7,448,327	480,250	-	10,978,148
Properties under development	-	-	-	2,372,779	-	2,372,779
Financial assets at FVOCI	-	-	-	24,769,631	-	24,769,631
Investment in associates	-	-	-	-	39,955,078	39,955,078
Investment properties	-	-	-	-	56,738,230	56,738,230
Property, plant and equipment	-	-	-	-	36,551,521	36,551,521
Intangible assets	-	-	-	-	23,031,433	23,031,433
Goodwill	-	-	-	-	36,306,549	36,306,549
Total assets	28,926,727	22,816,533	93,129,703	40,180,447	192,582,811	377,636,221
Liabilities						
Bank facilities	-	-	7,072,071	97,652	-	7,169,723
Accounts payable and other credit balances	11,332,146	9,482,439	15,956,967	20,008,778	-	56,780,330
Lease liabilities	-	-	603,954	762,552	-	1,366,506
Murabaha and Wakala payable	408,139	2,850,610	20,345,375	13,110,230	15,587,500	52,301,854
Provision for end of service indemnity	-	-	-	-	6,896,325	6,896,325
Total liabilities	11,740,285	12,333,049	43,978,367	33,979,212	22,483,825	124,514,738

c) Return rate risk

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

The Group's Short-term deposits and term deposits carry an annual fixed return rates, accordingly they are not exposed to return rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in return rates, with all other variables held constant of the Group's (loss) profit through the impact on floating return rates:

2020	Increase (Decrease) in return rates	Balance as on December 31 (KD)	Effect on consolidated statement of profit or loss (KD)
Bank facilities	**±0.5%**	**9,632,528**	**±48,163**
Murabaha and Wakala payable	**±0.5%**	**55,882,010**	**±279,410**
2019			
Bank facilities	±0.5%	7,169,723	±35,849
Murabaha and Wakala payable	±0.5%	52,301,854	±261,509

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate between foreign currencies and Kuwaiti Dinar.

2020	Increase (Decrease) against KD	Effect on consolidated statement of profit or loss (KD)	Effect on consolidated other comprehensive income (KD)
US Dollar	**±5%**	**±351,893**	**±139,478**
Qatari Riyal	**±5%**	**±160**	**-**
Omani Riyal	**±5%**	**±416,594**	**±1,505,595**
Bahraini Dinar	**±5%**	**±67,603**	**±92,082**
UAE Dirham	**±5%**	**±429,196**	**± 166,636**
Others	**±5%**	**±512,174**	**±1,180,567**

2019	Increase (Decrease) against KD	Effect on consolidated statement of profit or loss (KD)	Effect on consolidated other comprehensive income (KD)
US Dollar	±5%	± 991,121	± 57,857
Qatari Riyal	±5%	± 160	-
Omani Riyal	±5%	± 123,189	± 93,212
Bahraini Dinar	±5%	± 529,538	± 667,052
UAE Dirham	±5%	± 443,834	± 1,549,423
Others	±5%	± 301,023	± 1,178,569

e) Equity price risk

Equity price risk is a risk that the value of a financial instruments will fluctuate as a result of changes in the level of equity indices and the value of individual stocks, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group manages this risk through diversification of investments in terms of geographical distribution and operation concentration.

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 equity instruments, to which the Group had significant exposure as of the consolidated financial statements:

Market indices	Change in equity instrument price %	Effect on consolidated profit or loss (KD)	Effect on consolidated other comprehensive income (KD)
2020			
Boursa Kuwait	**±5%**	**± 1,361,538**	**±4,387**
2019			
Boursa Kuwait	±5%	± 1,093,149	±10,610

33. Fair value measurement

The Group measures financial assets such as financial assets at FVTPL and financial assets at FVOCI and non-financial assets such as investment properties at fair value at each reporting period.

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 2	Level 3	Total
Financial assets at FVTPL:				
Quoted securities	**28,400,520**	**-**	**-**	**28,400,520**
Unquoted securities	**-**	**-**	**12,380,172**	**12,380,172**
Investment funds	**-**	**169,322**	**-**	**169,322**
Financial assets at FVOCI:				
Quoted securities	**87,746**	**-**	**-**	**87,746**
Unquoted securities	**-**	**-**	**14,500,327**	**14,500,327**
Funds and portfolios	**-**	**788,829**	**-**	**788,829**
Investment properties:				
Land	**-**	**8,689,721**	**-**	**8,689,721**
Residential buildings	**-**	**-**	**6,325,585**	**6,325,585**
Commercial buildings	**-**	**29,821,255**	**932,000**	**30,753,255**

2019	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Quoted securities	21,862,975	-	-	21,862,975
Unquoted securities	-	-	26,341,660	26,341,660
Investment funds	-	169,584	-	169,584
Financial assets at FVOCI:				
Quoted securities	212,209	-	-	212,209
Unquoted securities	-	-	23,771,514	23,771,514
Funds and portfolios	-	785,908	-	785,908
Investment properties:				
Land	-	14,250,139	-	14,250,139
Residential buildings	-	-	8,125,000	8,125,000
Commercial buildings	-	31,818,091	2,545,000	34,363,091

There were no transfers among Level 1, Level 2 and Level 3 during the years ended December 31, 2020 and December 31, 2019.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.

The fair values of cash and cash and short-term funds, term deposits, accounts receivable and other debit balances, bank facilities, accounts payable and other credit balances, lease liabilities, Murabaha and Wakala payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent accredited valuers having experience in the location and category of investment properties being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

The movement in level 3 fair value hierarchy during the year is as follows:

	Financial assets at FVTPL	Financial assets at FVOCI	Investment properties	Total
Balance as at December 31, 2019	26,341,660	23,771,514	10,670,000	60,783,174
Additions	138,301	3,266,586	-	3,404,887
Disposal cost	(238,606)	(1,100,000)	-	(1,338,606)
Fair value loss recognised in the consolidated statement of profit or loss	(13,861,183)	-	(3,412,415)	(17,273,598)
Fair value loss recognised in consolidated other comprehensive income	-	(11,437,773)	-	(11,437,773)
Balance as at December 31, 2020	**12,380,172**	**14,500,327**	**7,257,585**	**34,138,084**

The significant unobservable inputs used in the fair value measurement categorized with level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at December 31, 2020 are as shown below:

	KD					
	Fair value as at December 31,		Range (weighted average)	Valuation technique(s) and key input(s)	Significant unobservable Input(s)	Sensitivity unobservable inputs to fair value
	2020	2019				
Financial assets						
Financial assets at FVTPL (fair value hierarchy 3)	**12,380,172**	26,341,660	5% - 10%	Market approach	Discount for lack of marketability	5% change would increase/decrease fair value by KD 619,000 (2019: 1,317,083)
Financial assets at FVOCI (fair value hierarchy 3)	**14,500,327**	23,771,514	5% - 10%	Market approach	Discount for lack of marketability	5% change would increase/decrease fair value by KD 725,016 (2019: 1,188,575)
Non-financial assets						
Investment properties	**7,257,585**	10,670,000	5% - 10%	Income capitalization approach	Discount for lack of marketability	5% change would increase/decrease fair value by KD 362,879 (2019: KD 533,500)

34. 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 resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources 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 additional facilities.

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 and term deposits. 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
Bank facilities	**9,632,528**	7,169,723
Lease liabilities	**2,525,634**	1,366,506
Murabaha and Wakala payable	**55,882,010**	52,301,854
Total borrowings	**68,040,172**	60,838,083
Less: cash and short-term funds	**(23,066,451)**	(28,850,260)
Less: term deposits	**(205,000)**	(131,000)
Net debt	**44,768,721**	31,856,823
Total equity	**213,482,933**	253,121,483
Total capital resources	**258,251,654**	284,978,306
Gearing ratio	**17.34%**	11.18%

35. Impact of Covid-19

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 at December 31, 2020.

(i) 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 forwardlooking macro-economic factors considered for the determination of expected credit losses ("ECLs") as at December 31, 2020. For its international operations, the Group updated the relevant forward-looking information relating to the macroeconomic environment used to determine the likelihood of credit losses, relative to the economic climate of the respective market in which they operate.

Accordingly, the Group had recognized an impact of KD 2,481,947 as additional allowance of Expected Credit losses (Note 25).

(ii) Liquidity risk management

In response to the COVID-19 outbreak, the Group is closely evaluating its liquidity and funding position and taking appropriate actions. The Group will continue to assess its liquidity position by closely monitoring its cash flows and forecasts. An analysis of maturities of assets and liabilities is disclosed in (Note 32-b).

(iii) Fair value measurement of financial assets

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

Accordingly, the Group had recognized an impact of KD 6,450,128 as fair value loss on financial assets at FVTPL and KD 10,573,899 arising on financial assets at FVOCI.

Further information on the Group's policy in relation to fair value measurements is disclosed in Note 33.

(iv) Fair value measurement of non-financial assets (properties under development, Investment in associates, investment properties, property, plant and equipment)

As at the reporting date, the Group has identified the impact on the carrying values of its non-financial assets as at December 31, 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 December 31, 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 1,253,732 as impairment losses on properties under development (Note 25), KD 1,288,301 as impairment losses on investment in associates (Notes 9 and 25), KD 9,016,640 as fair value loss on investment properties (Notes 10 and 25) and KD 1,857,849 as impairment losses on property, plant and equipment (Notes 11 and 25).

(v) Impairment of Intangible assets and Goodwill

The Group has performed a reassessment for the recoverable amount of intangible assets and goodwill, considering the impact of COVID-19 by revisiting the assumptions and cash flows projections. As a result of the exercise, management has concluded that no impairment provision is considered necessary in the consolidated statement of profit or loss for the year ended December 31, 2020.

(vi) Going concern

The Group has performed an assessment of going concern in light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from December 31, 2019. As a result, this consolidated financial statements have been prepared on a going concern basis.

The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. The scale and duration of these developments remain uncertain at this stage but could negatively impact the Group's financial performance, cash flows and financial position in the future. The Group will continue to monitor the market outlook and update its assumptions, and forecasts as that may have a substantial impact on the consolidated financial statements in the future.