Al Madina for Finance and Investment Company- K.S.C (Public)

And its subsidiaries

Kuwait

Consolidated Financial statements

For the financial year ended December 31, 2020

With independent Auditor's report

Al Madina for Finance and Investment Company- K.S.C (Public)

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Consolidated Financial Statements
For the financial year ended December 31, 2020

With independent Auditor's report

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Rödl
Middle East
Burgan - International Accountants
Ali Al-Hasawi & Co

Independent auditor's report

The shareholders
Al madina for Finance and Investment Company
K.S.C (Public)
And its subsidiaries
Kuwait

Report on the audited consolidated financial statements

Qualified opinion

We have audited the consolidated financial statements of Al Madina for Finance and Investment Company - K.S.C (Public) - (the Parent Company) and its subsidiaries (together referred to as "the Group") – which comprise the consolidated statement of financial position as of December 31, 2020 and the related consolidated statements of profit or loss, consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for any adjustments that may be necessary as a result of what stated in the basis for qualified opinion mentioned below, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion

- The Group's investments in the associate company (Tatweer Capital Real Estate Co (KSCC)) were accounted by using the equity method at an amount of Kuwaiti Dinars 12,795,639 as of December 31, 2020 based on financial statements audited by another auditor who issued a qualified audit report dated April 21, 2021, which included, among other qualifications, that (the Group's investments in an associate company (Sarah Capital Real Estate Company (KSC)) were recorded on the basis of financial statements prepared by management as of December 31, 2020. since the associate's last issued financial statements are the financial statements for the financial year ended on December 31, 2018, accordingly, the consolidated financial statements do not include any material adjustments that may be necessary as a result of the above.
- There is a claim about the ownership of a land owned by (Sarh Al Madina for Investment and Real Estate Development Company (Saudi Arabia), which is a subsidiary of Sarh Capital Real Estate Company KSC (closed) (the associate of the group's associate company, Tatweer Capital Real Estate Co (KSCC)) (Although there are assurances from the external lawyer (for Sarh Al Madina for Investment and Real Estate Development (Saudi Arabia) and the Group's management that the ownership of the land is correct and there are no legal actions have been taken on it, it is not possible to determine the impact of this dispute on the consolidated financial statements.
- The Group's management did not include the disclose financial impact to the Kuwait Stock Exchange that resulted due to the Capital Markets Authority's decision issued on April 1, 2021, amounting to Kuwaiti Dinars 2,230,000 regarding the cancellation of the subscription to the capital increase of an associate (Jiyad Holding Company (KSCP)) amounting to Kuwaiti Dinars 8,485,861, and which is included in the consolidated financial statements as detailed in note (10, 28, 33) about the consolidated financial statements.

- To date, we have not been able to verify the value of the financial impact disclosed above or determine its impact on the accompanying consolidated financial statements and any adjustments or adjustments that would have been necessary to be entered into the consolidated financial statements as a result.
- It has not been determined whether there was a decrease in the value of the investment in the associate (Jiyad Holding Company (KSCP)) at the end of the financial year, and accordingly, we were unable to determine whether it was necessary to make adjustments to the recorded value of the investment at end of the year.
- During the current financial year, the group acquired a subsidiary company (Arabian Educational Pen Company KSC (closed)) from a related party, the group also sold 50% of one of its subsidiaries (Energy International Company for the sale and purchase of bonds and Shares (previously) Al-Sanabel Company for the Sale and Purchase of Bonds and Shares – W.L.L) to an associate, as well as the sale of 7% of the Group's share in the subsidiary (Tatweer Capital Real Estate Co. KSCC) to a related party. The above investments that have been sold or acquired include substantial shares in Jiyad Holding Company for which the financial impact resulting from the Capital Markets Authority's decision to cancel the capital increase for that company (note 5). Therefore, we were unable to verify whether it was necessary to make adjustments to the value of these investments or determining the resulting impact at the end of the financial year.
- During the current financisl year, an appeal ruling was issued in favor of one of the creditors to obligate Al Madina for Finance and Investment Company and Tatweer Capital Real Estate Co (the associate) with an amount of Kuwaiti Dinars 5,624,615, and the parent company did not record a provision to meet the obligation arising from this ruling based on the parent company's appeal at Cassation court to that judgment as detailed in (Note - 28) about the consolidated financial statements.

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

Emphases of matter

Without considering this as a qualification in our opinion, we refer that in case of "parent company" recorded the financial impact of the CMA's decision issued on April 1, 2021, or the lawsuits and potential claims regarding the cancellation of the subscription to the increase in the capital of an investee company by an amount of Kuwaiti Dinars 8,485,861 which included in the consolidated financial statements as investments in associates. This is in addition to the other matters mentioned above and what has been stated in the paragraph of legal requirements and other regulatory matters regarding trading suspension on the parent company's shares on the Kuwait Stock Exchange until the Kuwaiti Financial Investigation Unit completes its work and revokes the license of all securities activities of the parent company, this indicates the existence of a significant uncertainty. That may lead to a material uncertainty regarding the future ability of the "parent company's" going concern. This entails taking appropriate actions and measures by the management of the "parent company" through the general assembly of the shareholders to confirm the continuity of the "parent company" or to take the necessary measures.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, significant 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 therefore we do not provide a separate opinion on these matters. With the exception of matters indicated in the basis for qualified opinion, we found that there were no other key audit matters that could be mentioned in our report.

Other Information included in Board of Directors Report
The other information comprises all information included in the annual report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. We expect to receive the Group's annual report after the date of the auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Those charged with governance are responsible for overseeing the process of preparing the consolidated financial reports.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Assessment of the overall presentation, structure and contents of the consolidated financial statements, including disclosures, and whether the consolidated financial statements reflect the relevant transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

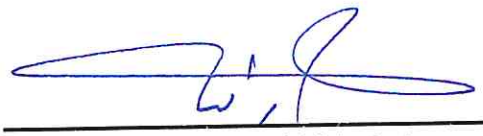
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by "the Parent Company", physical counting was carried out in accordance with the recognized practices and the consolidated financial statement together with the contents of the report of the Parent Company's Board of Directors are in accordance therewith. Also, we have obtained the information and explanations that we deemed necessary for the purpose of our audit, the consolidated financial statements incorporate all information that is required by the Companies' Law No. 1 of year 2016, and the its executive regulation, as amended, Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations and the Parent Company's Articles of incorporation and Memorandum of Association as amended. According to the information that was available to us during the current financial year ended December 31, 2020 no violations of the companies' Law No. 1 of year 2016, and its executive regulation, as amended, and Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related executives regulations or the Parent Company's Articles of incorporation and Memorandum of Association, as amended, that might have had a material effect on the Parent Company's business or its consolidated financial position. except for what has been disclosed in (note -13) to these consolidated financial statements which states that the Group has obtained Wakala payable from Investment Funds, which violates the instructions issued by the Central Bank of Kuwait.

During our audit, we also found out that there were violations by the parent company with respect to the provisions of Law No. 7 of 2010 regarding the Capital Markets Authority and its subsequent amendments, and its executive regulations, during the financial year ending on December 31, 2020, when a decision was issued by the Capital Markets Authority on a subsequent date of the consolidated financial position (March 13, 2021) against the parent company by referring it to the Kuwaiti Financial Intelligence Unit, and holding the parent company's shares from trading on the Kuwait Stock Exchange until the Kuwaiti Financial Intelligence Unit completes its work and revokes the license of all securities activities of the parent company, as detailed in note (33) about the consolidated financial statements. A matter that may materially affect the parent company's activity or its consolidated financial position.



Rashed Ayoub Yousuf Alshadad
Licence No. 77 - (A)
Rödl Middle East
Burgan – International Accountants

April 29, 2021
State of Kuwait

Al Madina for Finance and Investment Company K.S.C (Public)

And its subsidiaries
Kuwait

Consolidated statement of financial position as of December 31, 2020

(All amounts are in Kuwaiti Dinar)

	Note	2020	2019
Assets			
Cash and cash equivalents	6	**284,323**	142,745
Investments at fair value through profit or loss	7	**3,641,355**	1,680,733
Receivables and other debit balances	8	**2,573,916**	4,980,556
Investment properties	9	**-**	827,795
Investment in associates	10	**21,281,500**	17,674,602
Investments at fair value through other comprehensive income	11	**-**	2,187,764
Goodwill	25	**167,295**	
Property and equipment		**18,068**	6,113
Total assets		**27,966,457**	27,500,308
Liabilities and equity			
Liabilities			
Payables and other credit balances	12	**9,131,736**	2,232,976
Wakala payables	13	**2,185,730**	2,522,653
Provision for end of service indemnity	14	**225,662**	201,608
Total liabilities		**11,543,128**	4,957,237
Equity			
Share capital	15	**40,706,523**	40,706,523
Share premium		**2,121,070**	4,552,924
Other reserves	17	**1,247,386**	(2,086,556)
Treasury shares	16	**-**	(2,694,680)
Accumulated losses		**(28,738,795)**	(28,723,211)
Total equity attributable to the shareholders of the "Parent		**15,336,184**	11,755,000
Non-controlling interests		**1,087,145**	10,788,071
Total equity		**16,423,329**	22,543,071
Total liabilities and equity		**27,966,457**	27,500,308

Mohammad Darweesh Al-Shamali
Vice president

The accompanying notes form an integral part of these consolidated financial statements.

Al Madina for Finance and Investment Company K.S.C (Public)

And its subsidiaries
Kuwait

Consolidated statement of profit or loss for the financial year ended December 31, 2020

(All amounts are in Kuwaiti Dinar)

	Note	2020	2019
Revenue			
Net gains / (losses) from investments	20	**715,453**	(838,904)
Net losses from investment properties		**-**	(3,309)
Net losses from investment in associates	21	**(962,326)**	(482,289)
Net charged provisions		**-**	(46,434)
Gain on debt settlement		**-**	10,047
Loss on re-measurement of ownership in associates (previously)		**(970,150)**	-
Gain on sale of share of a subsidiary		**107,554**	-
Share in results of a subsidiary (previously)		**(394,010)**	-
Gain on transferring investment at fair value through other comprehensive income to an investment in an associate	10	**5,672,622**	-
Management fees and other income		**34,473**	34,657
Total revenue / (losses)		**4,203,616**	(1,326,232)
Expenses and other charges			
Staff cost		**377,321**	541,645
Other expenses	22	**198,347**	321,777
Total expenses and other charges		**575,668**	863,422
Net profit /(loss) for the year before calculating National Labor Support Tax and Zakat		**3,627,948**	(2,189,654)
National Labor Support Tax		**(92,479)**	-
Zakat		**(37,463)**	-
Net profit / (loss) for the year		**3,498,006**	(2,189,654)
Attributable to:			
Shareholders of the Parent Company		**3,457,575**	(2,107,213)
Non-controlling interests		**40,431**	(82,441)
		3,498,006	(2,189,654)
Earning / (loss) per share attributable to Shareholders of the Parent Company (fils)	23	**8.71**	(5.41)

The accompanying notes form an integral part of these consolidated financial statements.

Al Madina for Finance and Investment Company K.S.C (Public)
and its subsidiaries
Kuwait

Consolidated statement of profit or loss and other comprehensive income for the financial year ended December 31, 2020
(All amounts are in Kuwaiti Dinar)

	2020	2019
Net profit /(loss) for the year	**3,498,006**	(2,189,654)
Other comprehensive income items:		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Investments in associates		
Group's share in associates' reserves	**468,891**	(419,528)
Transferred to the consolidated statement of profit or loss on sale	**1,004,247**	104,846
Group's share in the adjustments of retained earnings of the associate	**(97,719)**	-
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:		
Net movement of transferring an investment at fair value through other comprehensive income into an investment in an associate	**(1,597,137)**	-
Change in fair value	**-**	(1,823,137)
Total other comprehensive income	**(221,718)**	(2,137,819)
Total comprehensive income for the year	**3,276,288**	(4,327,473)
Attributable to:		
Shareholders of the Parent Company	**3,249,471**	(3,488,667)
Non-controlling interests	**26,817**	(838,806)
Total comprehensive income for the year	**3,276,288**	(4,327,473)

The accompanying notes form an integral part of these consolidated financial statements.

Al Madina for Finance and Investment Company K.S.C (Public)

And its subsidiaries
Kuwait

Consolidated statement of changes in equity for the financial year ended December 31, 2020
(All amounts are in Kuwaiti Dinar)

	Equity attributable to the "Parent Company's" shareholders							
	Share capital	**Share premium**	**Other reserves (Note - 17)**	**Treasury shares**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total**
Balance at January 1, 2019	40,706,523	4,552,924	(549,464)	(2,694,680)	(23,709,910)	18,305,393	11,728,376	30,033,769
Adjustment to the opening balance due to share of the Group in the adjustments of accumulated losses and reserves of associates	-	-	(136,813)	-	(2,924,913)	(3,061,726)	(101,499)	(3,163,225)
Balance at January 1, 2019 "adjusted"	40,706,523	4,552,924	(686,277)	(2,694,680)	(26,634,823)	15,243,667	11,626,877	26,870,544
Net loss for the year	-	-	-	-	(2,107,213)	(2,107,213)	(82,441)	(2,189,654)
Other comprehensive income for the year	-	-	(1,400,279)	-	18,825	(1,381,454)	(756,365)	(2,137,819)
Total comprehensive income for the year	-	-	(1,400,279)	-	(2,088,388)	(3,488,667)	(838,806)	(4,327,473)
Balance at December 31, 2019	40,706,523	4,552,924	(2,086,556)	(2,694,680)	(28,723,211)	11,755,000	10,788,071	22,543,071
Balance at January 1, 2020	40,706,523	4,552,924	(2,086,556)	(2,694,680)	(28,723,211)	11,755,000	10,788,071	22,543,071
Net profit for the year	-	-	-	-	3,457,575	3,457,575	40,431	3,498,006
Other comprehensive income for the year	-	-	(110,385)	-	(97,719)	(208,104)	(13,614)	(221,718)
Total comprehensive income for the year	-	-	(110,385)	-	3,359,856	3,249,471	26,817	3,276,288
Loss on transferring change in fair value reserve of investments at FVOCI to an investment in an associate (note 10)	-	-	3,444,327	-	(3,375,440)	68,887	(68,887)	-
Change in non-controlling interests	-	-	-	-	-	-	(9,658,856)	(9,658,856)
Effect of treasury shares sale (note 13 – 16)	-	(2,431,854)	-	2,694,680	-	262,826	-	262,826
Balance at December 31, 2020	**40,706,523**	**2,121,070**	**1,247,386**	-	**(28,738,795)**	**15,336,184**	**1,087,145**	**16,423,329**

The accompanying notes form an integral part of these consolidated financial statements.

Al Madina for Finance and Investment Company K.S.C (Public)
And its subsidiaries
Kuwait

Consolidated statement of cash flows for the financial year ended December 31, 2020
(All amounts are in Kuwaiti Dinar)

	Note	2020	2019
Cash flows from operating activities			
Net profit /(loss) for the year		**3,498,006**	(2,189,654)
Adjustments:			
Change in fair value of investments at fair value through profit or loss	20	**(665,553)**	784,204
Gains / (losses) on sale of investments at fair value through profit or loss	20	**(49,900)**	54,700
Group's share of results in associates	21	**418,370**	5,405
Loss from sale of investment in associates	21	**543,956**	476,884
Change in fair value of investment properties		**-**	3,309
Depreciation of property and equipment		**12,588**	9,115
Gain on debt settlement		**-**	(10,047)
Disposals of property and equipment at cost			-
Net charged provisions		**-**	46,434
Gain on transferring investment at fair value through other comprehensive income to an investment in an associate		**(5,672,622)**	-
Provision for end of service indemnity	14	**55,768**	41,110
Operating loss before calculating the effect of changes in working capital		**(1,859,387)**	(778,540)
Investments at fair value through profit or loss		**(1,871,907)**	(1,677,014)
Receivables and other debit balances		**4,340,408**	300,717
Payables and other credit balances		**6,562,357**	(149,382)
Cash generated from / (used in) operations		**7,171,471**	(2,304,219)
End of service indemnity paid	14	**(47,152)**	(7,768)
Net cash generated from / (used in) operating activities		**7,124,319**	(2,311,987)
Cash flows from investing activities			
purchase of investments in associates		**(1,296,027)**	(34,160)
Proceeds from sale of investments in associates		**1,481,108**	535,752
Proceeds from sale of investments at fair value through profit or loss		**1,849,381**	1,498,173
Net cash generated from investing activities		**2,034,462**	1,999,765
Cash flows from financing activities			
Cash collected on sale of treasury shares		**146,110**	-
Net cash generated from financing activities		**146,110**	-
Net movement on non-controlling interests		**(9,120,074)**	-
Net increase / (decrease) in cash and cash equivalents		**184,817**	(312,222)
Cash and cash equivalents at beginning of the year		**73,670**	385,892
Cash and cash equivalents due to acquisition of a subsidiary		**25,836**	-
Cash and cash equivalents at end of the year	6	**284,323**	73,670

The accompanying notes form an integral part of these consolidated financial statements.

Al Madina for Finance and Investment Company K.S.C (Public)

And its subsidiaries
Kuwait

Notes to the consolidated financial statements for the financial year ended December 31, 2020
(All amounts are in Kuwaiti Dinar unless stated otherwise)

1. Incorporation and activity

Al Madina for Finance and Investment Company (the Parent Company) is a Public Kuwaiti Shareholding Company incorporated in the State of Kuwait on 1980 and is registered as an investment company with the Central Bank of Kuwait on April 27, 2005. The shares of the Parent Company were listed on the Kuwait Boursa on April 24, 2006 and on the Dubai Financial Market on September 10, 2007.

The main office of the parent company is located at Jaber Al Mubarak Street - Sharq - Behbehani Complex - 16th Floor - Kuwait.

The principle activities of the Parent Company are represented in all investing activities, finance and management of funds, trading and leasing of properties to customers and trading in lands and properties On March 13, 2021, the Capital Markets Authority issued a decision to revoke the license for all securities activities of the parent company, as indicated in (note - 33).

The consolidated financial statements include the financial statements of the parent company and its subsidiaries (together referred to as "the Group") (Note - 5).

The activities of the Parent Company are carried out in accordance with Islamic Sharia principles.

The Consolidated financial statements for the year ended December 31, 2020 were approved for issuance by the Board of Directors on April 29, 2021.

The Shareholders' General Assembly has the authority to amend these consolidated financial statements after their issuance.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2/1) New standards and amendments effective from 1 January 2020

- **Amendments to IFRS 3: Definition of a Business**
  In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, and add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

  The amendments apply prospectively to transactions or other events that occur on or after the date of first application, therefore, the Group will not be affected by these amendments on the date of transition.

- **Amendments to IAS 1 and IAS 8: Definition of Material**
  In October 2018, the IASB issued amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '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 to the definition of material are not expected to have a significant impact on the consolidated financial statements of the Group.

- **Impact of the initial application of Covid-19- Related Rent concessions Amendment to IFRS 16**

  In May 2020, the IASB issued Covid-19- Related Rent concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

  The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

  a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

  b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021(a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021)., and

  c) There is no substantive change to other terms and conditions of the lease.

  There is no impact for this amended on the consolidated financial statements of the Group.

2/2) New and amended standards not yet effective, but available for early adoption

The new and amended standards and interpretations those are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below:

- **Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**

  The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are retrospectively effective for annual periods beginning on or after 1 January 2023, with early application permitted.

- **Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use**
  The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.
  The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

  If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

  The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

  The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

- **Other standards whose application isn't expected to have an impact on the Group's financial statements when they become effective as follows:**

Effective date	Description
January 1, 2021	• Interest Rate Benchmark Reform – phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
January 1, 2022	• Onerous Contracts – cost of Fulifiling a Contract (Amendments to IAS37) • Annual Improvements to IFRS Standards 2018 - 2020 • Property, plant and Equipment: proceeds before intended use (Amendments to IAS 16) • Reference to the Conceptual Framework (Amendments to IFRS 3)
January 1, 2023	• IFRS 17 "Insurance Contracts''
Amendments whose effective date not determined yet	• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

3/1) Basis of the consolidated financial statements preparation

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and State of Kuwait Companies' Law requirements and subsequent amendments.
- The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements of "the Group" for the previous financial year.
- These consolidated financial statements are prepared under the historical cost basis of measurement as modified by the revaluation at fair value of financial assets held as "Investments at fair value through profit or loss Investments at fair value through other comprehensive income ". These consolidated financial statements have been presented in Kuwaiti Dinars.
- The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note (4).

3/2) Basis of consolidation

The consolidated financial statements include the financial statements of Al Madina for Finance and Investment Company K.S.C (Public) ("the Parent Company") and its subsidiaries (together referred to as "the Group") disclosed under note (5).

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control is maintained by the Parent Company when:

- Exercise power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee; and
- Ability to use its power to affect the investee returns.

When the Parent Company does not has majority voting rights in the investee, the Parent Company takes into consideration facts and other factors in assessing the control, which include:

- Contractual arrangement between the Parent Company and other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent Company's voting rights;
- Potential voting rights.

The financial statements of subsidiaries acquired or disposed are included in the consolidated financial statements from the date the control effectively commences until the date that control effectively end.

The financial statements of the subsidiaries are consolidated on a line–by–line basis by adding together alike items of assets, liabilities, revenues and expenses. All inter–company balances and transactions, including unrealized profits or losses arising from inter–company transactions, are fully eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.

The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the Subsidiaries' financial year date and the Parent Company's financial year date.

Non–controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non–controlling interests consist of the interest at the date of the original business combination and the non–controlling interest share of changes in equity since the date of the combination. Profits and losses attributed to the owners of the Parent Company and to the non–controlling interests in the ratio of their respective shareholdings even if that resulted in the non–controlling interests having a deficit balance.

When ownership of subsidiaries changes without loss of control, the transaction is accounted for within equity. However, when control is lost as a result of change in ownership, then:

- Derecognize the assets and liabilities of the subsidiaries reported in statement of financial position (including goodwill);
- Recognize any remaining investment of the subsidiaries at fair value at date of loss of control;
- Derecognize non–controlling interests;
- Recognize the profit or loss resulting from the loss of control in the consolidated statement of profit or loss.

3/3) Recognition and de-recognition of financial assets and liabilities

A financial asset or a financial liability is recognized when the Group become a party to the contractual provisions of the financial instrument. A financial asset is de-recognized either when the contractual rights to cash flows from the financial asset expire, the Group has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards, but no longer has control over the asset or a proportion of the asset. A financial liability is de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

3/4) Financial instruments

Recognition, initial measurement and derecognition

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

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

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

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

Classification of financial assets

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

- financial assets at amortised cost
- financial assets at fair value through Other Comprehensive Income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria.
- as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Subsequent measurement of financial assets

- **Financial assets at amortised cost**

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

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

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.
The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

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

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

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

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

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

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

- **Financial assets at FVTPL**

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below). The category also contains investments in equity shares.
Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.
The Group's financial assets at FVTPL comprise of the following:

- Investment in bonds
- Investment in equity shares

Impairment

Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider. otherwise;
- indications that a debtor will enter bankruptcy; or
- Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The financial assets at amortised cost comprise of trade receivables and cash at bank under IFRS 9 and loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for trade receivables, contracts assets and all lease receivables that result from transactions that are within the scope of IAS 17 with an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and information on credit risk assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due. The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising the guarantee (if any is held); or
- The financial asset is more than 365 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured with the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses the financial assets carried at amortised cost. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented under general and administrative expenses in the consolidated statement of profit or loss.

3/5) Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquired (if any), the excess is recognised immediately in consolidated statement of profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-Transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.
When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in consolidated statements of profit or loss and other comprehensive income are reclassified to consolidated profit or loss where such treatment would be appropriate if that interest were disposed off.

3/6) Cash and cash equivalents

Cash on hand and time deposits with banks whose original maturities do not exceed three months, net of bank overdrafts are classified as cash and cash equivalents in the consolidated statement of cash flows.

3/7) Trade receivables

Trade receivables are stated at their nominal value, less the allowance for any doubtful debts .The Company always measures the loss allowance for impairment for trade receivables at an amount equal to lifetime ECL.

3/8) Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in associates is accounted for under the equity method. On the statement of financial position date at cost plus post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in value and the consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates.

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 and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the consolidated statement of profit or loss.

Distributions received from associates reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes resulting from consolidated statement of change in equity of the associate .recognized directly in the associate's or equity of the Group, as applicable.

When the Group's share of losses in an associate equals or exceeds its interest in the associates, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions with associates are eliminated to the extent of the Group's share in the associates. Unrealized losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognized in prior years no longer exist.

The associate's financial statements are prepared either to the Group's reporting date or to a date not earlier than three months of the Group's reporting date. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the date of the associates and the group's consolidated financial statements date.

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 remaining investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

3/9) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The recoverable value of Property, Plant and equipment are reviewed at the consolidated financial position date. If the recoverable value for Property, Plant and equipment decreased from the book value in which case the book value is written down to the recoverable value. If the useful lives are different from its estimated lives then the useful lives are adjusted from the beginning of the year in which the change occurred in without going into retroactive periods.

Gains or losses resulted from disposals of Property, Plant and equipment is recorded in the consolidated profit or loss which determined by the difference between the sale price and its net book value.

Property, plant and equipment are depreciated on a straight-line basis to reduce their value to their residual value for 5 years.

Properties in the course of construction for production or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these properties, on the same basis as other property and equipment, commences when the properties are ready for their intended use.

3/10) Impairment of tangible and intangible assets (including investment in associates)

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets ha 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

The recoverable amount is the higher of 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 recognised immediately in the consolidated statement of profit or loss.

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 recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income unless the relevant asset is carried at a revalued amount in which case the reversal of the Impairment loss is recognised in the revaluation surplus.

3/11) Trade payables

Trade payables are stated at their nominal value.

3/12) Wakala payables

Wakala payables arise when the Group receives funds from other parties under an authorization from these parties for the Group to reinvest them in specific forms or in specific Islamic financial instruments in return for the Group's commitment to pay to the holders of wakala payables a yield set at date of wakala. The Group recognizes the yield paid to holders of wakala payables as finance costs in the Consolidated statement of profit or loss when the wakala accrues or when the holders of wakala payables liquidate these wakala payables before their due date.

The received wakala contracts do not include any conditions that give their holders any rights secured against the other assets of the Group or any other entities in the Group.

Wakala payables are initially recognized at cost and they are later measured at amortized cost.

3/13) Provision for end of service indemnity

Provision for staff end of service indemnity is computed as per the Labor Law in the private sector and on the assumption of ending the services of all staff at the consolidated financial position date. This obligation is not funded. The management expects that based on this method of calculation a reasonable estimate is made of the obligation of the Group towards employees indemnity for past and current periods.

3/14) Equity and reserves

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

The issuance of share premium includes any premium received from the capital issuance, and any other expenses related to this issuance of shares deducted from the share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the parent's articles of association.
Change in fair value reserve – which comprise of profits and losses related to financial assets through other comprehensive income.

Accumulated loss includes all current and prior period profits and losses. All transactions with owners of the parent company are recorded separately within equity.

3/15) Treasury shares

Treasury shares consist of "The Parent" company owned shares that have been issued, subsequently repurchased by "The Group" and not yet re-issued or cancelled until the consolidated financial position date. The treasury shares are treated using the cost method; under the cost method cost of the treasury shares is charged to an account in equity. When re-issued the profit recognized in equity separately "Gain on sale of treasury shares" which is not distributable, any realized losses are charged the extent of the credit balance on the same account. Any excess losses are charged to retained earnings then reserves. Realized gains subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and gain on sale of treasury shares.

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.

Notes to the consolidated financial statements for the financial year ended December 31, 2020

(All amounts are in Kuwaiti Dinar unless stated otherwise)

3/16) Revenue recognition

- Revenue is recognized either at a certain time or over time when the Group meets performance obligations by transferring goods or services to its customers.the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognized either at a certain time or over time when the Group meets performance obligations by transferring goods or services to its customers .The Group recognizes contract obligation for amounts received in respect of unsatisfactory performance obligations and provides these, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the Group fulfills a performance obligation before it receives the consideration, the Group recognizes either the origin of the contract or receivable, if any, in its consolidated statement of financial position, depending on whether there is anything other than the time required before the amounts are due.
- The Group earns revenue from renting of its investment properties. Rental income is recognised on a straight-line basis over the period of the individual rental contracts. When the customer initially enters into a rental contract, the Group usually receives an advance or a deposit or both which is recognised as a liability. The advance is recognized as revenue with the passage of time while deposit is refunded to the customer in accordance with the rental contract on termination.
- Revenue from services is recognized when services are provided or of the terms in agreements of each customer.
- Gain on sale of investments in securities is measured by the difference between the net sales proceeds and the book value of the investment sold.
- Dividends income from investments is recognized when the Group's right to receive payment is established.
- Other categories of income are recognized when earned, at the time the related services are rendered and/ or on the basis of the terms of the contractual agreement of each activity.

3/17) Provisions

Provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event it is probable that an outflow of the 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 each consolidated financial position date and adjusted to reflect the current best estimate.

3/18) Finance charges

Finance costs for Murabaha payable is recognized based on accrual basis and is recognized in the consolidated statement of profit or loss in the period at which it is incurred.

3/19) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial position only when there is a legally enforceable right to set off the recognized amounts and the management intends to settle on a net basis so as to realize the assets and liabilities simultaneously.

Notes to the consolidated financial statements for the financial year ended December 31, 2020
(All amounts are in Kuwaiti Dinar unless stated otherwise)

3/20) Foreign currencies

The functional currency of any Company from the Group's subsidiaries is the currency of the primary economic environment in which it operates and in the case of the Parent Company it is the Kuwaiti Dinar and in the case of subsidiaries it is their respective national currencies or the applicable foreign currency. Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Kuwaiti Dinars at the rates of exchange prevailing on that date. Resultant gains and losses are taken to the consolidated statement of profit or loss.

Translation differences on non-monetary items, such as equities classified as investments available for sale financial assets are included in the investment fair valuation reserve in equity.

The profit or loss and cash flow consolidated statements of foreign operations are translated into the Parent Company's reporting currency at average exchange rates for the year and their statement of financial position are translated at exchange rates ruling at the year-end.

Exchange differences arising from the translation of the net investment in foreign operations (including goodwill, long-term receivables or loans and fair value adjustments arising on business combinations) are taken to the consolidated statement of profit or loss and other comprehensive income. When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of profit or loss as part of the gain or loss on sale.

3/21) National Labor Support Tax (NLST)

NLST is calculated in accordance with La w No. 19 of 2000 and the Minister of Finance Resolutions No.24 of 2006 at 2.5% of taxable profit of the Group after deducting directors' fees for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

3/22) Kuwait Foundation for the Advancement of Science

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

3/23) Zakat

Contribution to Zakat is calculated at 1% of the profit of the group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.
Based on the regulations issued with respect to national labors support tax and zakat, no losses are carried forward to future periods or charging them to previous years.

3/24) Contingent liabilities and assets

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote, contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3/25) Segment reporting

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers in order to allocate resources to the segments and to assess their performance. Such operating segments are classified as either business segments or geographical segments.

A business segment is a distinguishable component of the Group that is engaged in providing products or services, which is subject to risks and returns that are different from those of other segments.

A geographic segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment which is subject to risks and returns different from those of segments operating in other economic environments.

4. Significant accounting assumptions and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from these estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Judgments and estimates that are significant to the consolidated financial statements are shown below:

Judgments

Contingent liabilities / liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

Fair value measurements

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

Key sources of estimation uncertainty

Impairment of tangible assets and useful lives

The Group's management tests annually whether tangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group's management determines the useful lives and related depreciation and charge. The depreciation and charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

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

Fair value measurement
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the financial instrument.

Where such data is not observable, management uses its best estimate. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the consolidated financial statements date.

Al Madina for Finance and Investment Company K.S.C (Public)
And its subsidiaries
Kuwait

Notes to the consolidated financial statements for the financial year ended December 31, 2020
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5. The subsidiary companies

The consolidated financial statements include the financial statements of the parent company and its subsidiaries (together referred to as "the Group")

Company's name	Legal form	Incorporation country	Activity	Ownership percentage % December 31, 2020	Ownership percentage % December 31, 2019
Real Capita Co.	W.L.L.	Kuwait	General trading	99	99
Murgan One Co.	W.L.L.	Cayman Island	Real estate	100	100
Held through Real Capita Co					
Dar Al-Bayraq for General trading Co.	W.L.L.	Kuwait	General trading & Contracting	98	98
Morlo for General Trading Co.	W.L.L.	Kuwait	General trading & Contracting	99	99
Dasman United Real Estate Co.	W.L.L.	Kuwait	Real estate	99	99
Energy International Company for the sale and purchase of bonds and stocks (previously: Al-Sanabel Company for the Sale and Purchase of Bonds and Shares – W.L.L)	W.L.L	Kuwait	General trading & Contracting	50	-
Held through Energy International Company for the sale and purchase of bonds and stocks (previously: Al-Sanabel Company for the Sale and Purchase of Bonds and Shares – W.L.L)					
Arabian Educational pen company	K.S.C.C	Kuwait	Educational services	99.33%	-
Held through Dar Al Bayraq Co.					
Tatweer Capital Real Estate co. and its Subsidiaries Co.	K.S.C.C	Kuwait	Real estate	-	55.08

- The financial statements of the subsidiary, Energy International Company for the Sale and Purchase of Bonds and Shares (previously: Al-Sanabel for Selling and Buying Bonds and Shares – W.L.L) were audited by another auditor as of December 31, 2020, whose net assets amounted to Kuwaiti Dinars 9,064,122 and their profits were Dinars Kuwaiti 5,699,928.

- The financial statements of Murgan One (W.L.L) have not been consolidated as the company does not carry out its activities and has no financial data.
- On July 2, 2020, the subsidiary company (Al-Tatweer Capital Real Estate Company KSC Closed) restructured its shares owned by it in Energy International Company for the sale and purchase of bonds and shares (previously: Al-Sanabel for Sale and Purchase of Bonds and Shares – W.L.L) in favor of Dar Al-Bairaq General Trading and Contracting Company (W.L.L), by entering into shares sale contract, the restructuring did not result in any impact on the consolidated statement of profit or loss or the consolidated statement of cash flows.

  On December 30, 2020, the group, through one of its subsidiaries (Dar Al-Bairaq General Trading and Contracting Company W.L.L.), sold 12,733,875 shares, which represent 7% of the total shares owned in its subsidiary (Al Tatweer Capital Real Estate Company KSC closed to a related party that resulted in a profit of Kuwaiti Dinars 107,554, which was included in the consolidated statement of profit or loss and accordingly, its ownership percentage decreased to 48.08%, accordingly the group lost control over the financial and operating policies of this company, but the group still exerts a significant influence on that company, as the remaining share has been transferred to an investment in an associate (note 10).
- On September 29, 2020, the group, through one of its subsidiaries (Dar Al-Bairaq General Trading and Contracting Company W.L.L), acquired the Arabian Educational Pen Company KSCC - 99.33% closed at an amount of KD 450,000 from a related party based on financial statements prepared by management on the date of acquisition. Accordingly, the group has control over the financial and operational policies of that company, and accordingly its financial data were consolidated starting from the date of acquisition (note - 25). This acquisition resulted in a goodwill of Kuwaiti Dinars 167,295, which was initially calculated according to the financial statements prepared by the management for the acquired company. Until the purchase cost is allocated to the fair value of the assets and liabilities. The effect of this transaction has been excluded from the consolidated statement of cash flows as it is a non-cash transaction.
- On November 1, 2020, the subsidiary company (Dar Al-Bairaq General Trading and Contracting Company W.L.L.) restructured its shares owned in the Arabian Educational Pen KSCC - 99.33% by transferring its entire shares to Energy International for the sale and purchase of bonds and shares (previously: Al-Sanabel for the sale and purchase of bonds and shares W.L.L) under shares sale contract. The restructuring did not result in any effect on the consolidated statement of profit or loss or the consolidated statement of cash flows. On a subsequent date to the consolidated financial position on April 1, 2021, a decision was issued by the Capital Markets Authority against the associate company, Jiyad Holding Company (KSCC) (note 10) according to which the subscription of the shares of the subsidiary acquired during the year was canceled (Arabian Educational Pen KSC (Closed)) (Note - 25) in increasing the capital of the associate, against which this decision is issued. The financial impact or the claims and potential issues that may arise from the decision of the Disciplinary Board of the Capital Markets Authority have not been included until it is decided upon, as it is still under evaluation and review by the Group's management.
- On November 21, 2020, the group, through one of its subsidiaries (Dar Al-Bairaq General Trading and Contracting Company W.L.L.) restructured its owned shares in Energy International for the sale and purchase of bonds and shares (previously: Al-Sanabel for the sale and purchase of bonds and shares W.L.L). By transferring its entire shares to Real Capita W.L.L under a share sale contract, the restructuring did not result in any impact on the consolidated statement of profit or loss or the consolidated statement of cash flows.

On December 27, 2020, the Group, through Real Capita W.L.L, sold 50% of the total ownership shares in the subsidiary (Energy International Company for the sale and purchase of bonds and shares (previously: Al-Sanabel Company for the Sale and Purchase of Bonds and Shares – W.L.L) amounted to 100% to an associate (Al-Tatweer Capital Real Estate Company - KSCC), and the sale did not result in any profit or loss. The effect of this transaction is excluded from the consolidated statement of cash flows as it is a non-cash transaction.

- **Subsidiaries in which the non-controlling interests have substantial rights:**

The interests of the non-controlling parties that have significant rights belong to the group's subsidiary, Energy International Company for the sale and purchase of bonds and shares (Previously: Al-Sanabel Company for Selling and Buying Bonds and Shares – W.L.L), with the minority shareholders 'share of 50%.

The following is the summarized financial information of this Company:

	2020
Current assets	169,627
Non-current assets	8,671,225
Current liabilities	1,170,693
Equity attributable to owners of the Company	7,657,093
Non-controlling interests	1,926

Revenue	5,558,482
Expenses	40,940
Income attributable to the shareholders of the Parent Company	5,517,513
Income attributable to non-controlling interests	29
Income for the year	5,517,542
Other comprehensive income attributable to the Shareholders of the Parent Company	(9,329)
Other comprehensive income attributable to non-controlling interests	-
Other comprehensive income for the year	(9,329)
Total other comprehensive income attributable to the Shareholders of the Parent Company	5,508,184
Total other comprehensive income attributable to non-controlling interests	29
Total other comprehensive income for the year	5,508,213

Notes to the consolidated financial statements for the financial year ended December 31, 2020
(All amounts are in Kuwaiti Dinar unless stated otherwise)

6. Cash and cash equivalents

	2020	2019
Current Accounts	**20,420**	40,851
Restricted cash against letters of guarantee	**-**	69,075
Cash at portfolios and Kuwait Clearing Company	**262,858**	21,528
Cash on hand	**1,045**	11,291
Cash and cash equivalents as per consolidated statement of financial position	**284,323**	142,745
Less: Restricted cash against letters of guarantee	**-**	(69,075)
Cash and cash equivalents for preparing consolidated statement of cash flows	**284,323**	73,670

7. Investments at fair value through profit or loss

	2020	2019
Investments in local shares - quoted	**3,562,559**	1,597,254
Investments in local shares - unquoted	**528**	528
Investments in local funds - unquoted	**78,268**	82,951
	3,641,355	1,680,733

- The General Assembly of shareholders of the associate company - (Ekttitab Holding Co. K.S.C.P.) in which the members of the Board of Directors were elected was held on July 27, 2020. The group's management decided not to nominate for membership in the associate's board of directors after its ownership decreased. Therefore, the group lost the significant influence on that associate company, which represents its ability to participate in the financial and operational decisions of the associate company, and accordingly, the group transferred its investment whose book value is Kuwaiti Dinars 1,085,713 into investments at fair value through profit or loss on the date of transfer amounting to Kuwaiti Dinars 568,089 (note 10). This transfer resulted in losses of Kuwaiti Dinars 517,624, which was included in the consolidated statement of profit or loss. The effect of this transaction has been excluded from the consolidated statement of cash flows as it is a non-cash transaction.
- The General Assembly of shareholders of the associate company - (AAN Digital Services Holding Company K.S.C.P) in which the members of the Board of Directors were elected was held on July 28, 2020. The group's management decided not to nominate for membership in the associate's board of directors after the group's ownership decreased. Therefore, the group lost the significant influence on that associate company, which represent its ability to participate in the financial and operational decisions of the associate company, and accordingly, the group transferred its investment in the associate company whose book value is Kuwaiti Dinars 1,064,472 into investments at fair value through profit or loss on the date of transfer amounting to Kuwaiti Dinars 611,946 (note 10). This transfer resulted in losses of Kuwaiti Dinars 452,526, which was included in the consolidated statement of profit or loss. The effect of this transaction has been excluded from the consolidated statement of cash flows as it is a non-cash transaction.

- During the current financial year, one of wakala payables has liquidated shares that were retained for him with the knowledge of the Ministry of Justice - Execution Department, those shares represent unquoted local shares (note - 13). The total sale value of those shares amounted to KD 30,768 and resulted in a gain on sale of those shares with an amount of KD 30,768 recorded in the consolidated statement of profit or loss under the item of "gains from investments".
- Financial investments in local shares - unquoted with an amount of KD 528 are retained to one of the creditors.
- The financial investments in local funds – unquoted (Madina Fund and Al-Imtiaz Investment Fund) were evaluated based on the net asset value as of September 30, 2020, and September 30, 2018, respectively as these funds are under liquidation.
- Investments at fair value through profit or loss were evaluated according to the evaluation methods disclosed in (Note - 30).

The movements in investment during the year are as follows:

	2020	2019
Balance at January 1,	**1,680,733**	2,340,796
Additions	**1,914,516**	1,677,014
Transferred during the year	**1,180,035**	-
Disposal	**(1,799,482)**	(1,552,873)
Change in fair value	**665,553**	(784,204)
Balance at December 31,	**3,641,355**	1,680,733

8. Receivables and other debit balances

	2020	2019
Receivables from sale of properties	**-**	558,621
Due from related parties (Note – 24)	**2,486,670**	4,983,068
Accrued income	**153,239**	118,321
Accrued rents	**491,210**	491,210
Other debit balances	**176,199**	569,234
	3,307,318	6,720,454
Less: provision for expected credit losses	**(733,402)**	(1,739,898)
	2,573,916	4,980,556

As of December 31, the receivables and other debit balances ageing were as follows:

2020

During 30 days	**30-60 days**	**60-90 days**	**90-120 days**	**120 days <**	**Total**
744,146	**1,025,272**	**1,058,340**	**314,195**	**165,365**	**3,307,318**

2019

During 30 days	30-60 days	60-90 days	90-120 days	120 days <	Total
1,512,100	2,083,346	2,150,543	638,443	336,022	6,720,454

For risk analysis purpose, the Group has segregated its receivables and other debit balances portfolio into two subgroups namely, 'receivables from corporates and 'receivables from individuals' based on the historical credit loss and recovery patterns from the customers.

The following table shows the movement in lifetime ECL that has been recognised for receivables and other debit balances in accordance with the simplified approach set out in IFRS 9.

	2020		
	Receivables from corporates	**Receivables from individuals**	**Total**
Balance at January 1,	**1,063,277**	**676,621**	**1,739,898**
Disposal during the year	**(329,875)**	**(676,621)**	**(1,006,496)**
Balance at December 31,	**733,402**	**-**	**733,402**

	2019		
	Receivables from corporates	Receivables from individuals	Total
Balance at January 1,	1,016,843	676,621	1,693,464
ECL charge for the year	46,434	-	46,434
Balance at December 31,	1,063,277	676,621	1,739,898

The maximum exposure to credit risk at the consolidated statement of financial position date is disclosed in (note -30) to these consolidated financial statements. The other classes within receivables and other receivables are neither past due nor impaired.

9. Investments properties

The movements in investment properties during the year are as follows:

	2020	2019
Balance at January 1,	**827,795**	831,104
Additions	**-**	104,891
Result from disposal of a subsidiary	**(827,795)**	-
Disposals	**-**	(104,891)
Change in fair value	**-**	(3,309)
Balance at December 31,	**-**	827,795

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10. Investments in associates

The investments in associates represented as follows:

	Ownership percentage %		Amount (KD)	
Company name	**2020**	2019	**2020**	2019
Ekttitab Holding Co. K.S.C.P.	-	16.13%	-	638,373
AAN Digital Services Holding Co. K.S.C.P	-	11.07%	-	1,801,615
Sarh Capital Real Estate Company K.S.C.C	-	42.42%	-	15,234,614
Jiyad Holding Co. K.S.C.P	**%22.20**	-	**8,485,861**	-
Tatweer Capital for real-estate Co. K.S.C.C	**%48.08**	-	**12,795,639**	-
			21,281,500	17,674,602

- The General Assembly of shareholders of the associate company - (Ekttitab Holding Co. K.S.C.P.) in which the members of the Board of Directors were elected was held on July 27, 2020. The group's management decided not to nominate for membership in the associate's board of directors after the group's ownership decreased. Therefore, the group lost the significant influence on that associate company, which is its ability to participate in the financial and operational decisions of the associate company, and accordingly, the group transferred its investment in the associate company whose book value is Kuwaiti Dinars 1,085,713 into investments at fair value through profit or loss on the date of transfer amounting to Kuwaiti Dinars 568,089 (note 7). This transfer resulted in losses of Kuwaiti Dinars 517,624, which was included in the consolidated statement of profit or loss. The effect of this transaction has been excluded from the consolidated statement of cash flows as it is a non-cash transaction.
- The General Assembly of shareholders of the associate company - (AAN Digital Services Holding Company K.S.C.P) in which the members of the Board of Directors were elected was held on July 28, 2020. The group's management decided not to nominate for membership in the associate's board of directors after the group's ownership decreased. Therefore, the group lost the significant influence on that associate company, which is its ability to participate in the financial and operational decisions of the associate company, and accordingly, the group transferred its investment in the associate company whose book value is Kuwaiti Dinars 1,064,472 into investments at fair value through profit or loss on the date of transfer amounting to Kuwaiti Dinars 611,946 (note 7). This transfer resulted in losses of Kuwaiti Dinars 452,526, which was included in the consolidated statement of profit or loss. The effect of this transaction has been excluded from the consolidated statement of cash flows as it is a non-cash transaction.

- During the current financial year, the group increased its ownership percentage in Jiyad Holding Company (K.S.C.P) from 16.03% to 22.20% through the subsidiary company acquired during the current financial year (Arabian Educational Pen Company, K.S.C.C) (Note - 5) Accordingly, the group has exercised a significant influence on the financial and operating policies of the company and based on that, its ownership share has been transferred from an investment at fair value through other comprehensive income to an investment in an associate company (note - 11) resulted in a gain on transfer investment at fair value through comprehensive income to an investment in an associate company amounting to KD 5,672,622 which has been recorded in the consolidated statement of profit or loss, and losses of change in fair value reserve through other comprehensive income in the amount of KD 3,444,327 were transferred to the accumulated losses in the consolidated statement of changes in equity, and at a later date of the consolidated financial position (April 1, 2021) A decision was issued by the Capital Markets Authority against the associate company according to which the subscription of the shares of the subsidiary acquired during the year was canceled (Arabian Educational Pen Company K.S.C (closed)) in Increasing the capital of the associate company, against which this decision is issued. The financial impact or the claims and potential issues that may arise from the decision of the Disciplinary Board of the Capital Markets Authority have not been included until it is decided upon, as it is still under evaluation and review by the Group's management.
- On December 30, 2020, the group lost its significant influence on the associate (Sarh Capital Real Estate Company KSC Closed), where the group through one of its subsidiaries (Dar Al-Bairaq General Trading and Contracting Company W.L.L) sold 7% of its ownership in the subsidiary (Tatweer Capital Real estate Company KSC closed) amounting to 55.08% resulted in a profit of Kuwaiti Dinars 107,554 recorded in the consolidated statement of profit or loss accordingly, its ownership percentage in (Tatweer Capital Real estate Company KSC closed) decreased to 48.08% therefore the group lost its control over that subsidiary and the remaining share was transferred to an investment in an associate company (note 5), and accordingly, the group lost its significant influence on the associate (Sarh Capital Real Estate Company K.S.C closed), which was an associate of the previous subsidiary (Tatweer Capital Real Estate Company KSCC).
- Jiyad holding company K.S.C.P shares are listed on the Kuwait Boursa based on published quoted prices, the market value of Jiyad holding company K.S.C.P was KD 3,442,718 as of December 31, 2020.
- The group's share in results and reserves of Jiyad Holding Company (KSCP) are recorded based on audited financial statements as of December 31, 2020.
- The group's share in results and reserves of Tatweer Capital Real estate Company K.S.C (closed) are recorded based on audited financial statements as of December 31, 2020.
- During the current financial year, 13,367,858 shares of AAN Digital Services Holding Company K.S.C.P which was retained to one of the creditors (Wakala) (note - 13) were sold with the knowledge of Ministry of Justice - Execution Department, and the group calculated the value of the sold shares with an amount of KD 196,917 which resulted in a loss of KD 112,447 included in the consolidated statement of profit or loss under the item of "loss on sale of investments in associates".

- The following are the summarized consolidated financial statements of the associates. The summarized consolidated financial statements below represent the amounts shown in the consolidated financial statements of these associates, which have been prepared in accordance with International Financial Reporting Standards:

Jiyad Holding Company:

The consolidated financial statements as of	**2020**
Non-Current assets	**52,010,016**
Current assets	**8,899,225**
Current liabilities	**6,867,933**
Non-controlling interests	**11,850,880**
Loss for the year	**629,831**
Other comprehensive income for the year	**(301,553)**
Total comprehensive income for the year	**(655,222)**

The following is a reconciliation of the above summarized financial statement consolidated financial information to determine the carrying value of the Associate Group share in the associate recorded in the consolidated financial statements:

	2020
Net assets of the associate	**38,217,848**
Group 's share in net assets	**22.2%**
Carrying amount of Group's interest	**8,485,861**

Tatweer Capital Real estate Company

	2020
Assets	**38,104,961**
liabilities	**10,330,697**
Owner's Equity	**27,774,264**
Losses	**(4,563)**
loss for the year	**(826,596)**
Other comprehensive income for the year	**3,454,367**
Total comprehensive income for the year	**2,627,771**

The following is a reconciliation of the above summarized financial consolidated financial information to determine the carrying value of the Group's share in the associate recorded in the consolidated financial statements:

	2020
Net assets of the associate	**26,611,386**
Group 's share in net assets	**48.08%**
Carrying value of Group's interest	**12,795,639**

Notes to the consolidated financial statements for the financial year ended December 31, 2020
(All amounts are in Kuwaiti Dinar unless stated otherwise)

11. Investments at fair value through other comprehensive income

	2020	2019
Investments in local shares – quoted	-	2,187,764

- During the current financial year, the group increased its ownership percentage in Jiyad Holding Company (K.S.C.P) from 16.03% to 22.20% Accordingly, the group has exercised a significant influence on the financial and operating policies of the company and based on that, its ownership share has been transferred from an investment at fair value through other comprehensive income to an investment in an associate company (note - 10) resulting in gain on transfer investment at fair value through comprehensive income to an investment in an associate company amounting to KD 5,672,622 has been recorded in the consolidated statement of profit or loss, and losses of change in fair value reserve through other comprehensive income in the amount of KD 3,444,327 were transferred to the accumulated losses in the consolidated statement of changes in equity, and at a later date of the consolidated financial position (April 1, 2021) A decision was issued by the Capital Markets Authority against the associate company (Jiyad Holding Company (K.S.C.P)) (note - 10) according to which the subscription of the shares of the subsidiary acquired during the year was canceled (Arabian Educational Pen Company K.S.C (closed)) (note - 5) in Increasing the capital of the associate company, against which this decision is issued. The financial impact or the claims and potential legal issues that may arise from the decision of the Disciplinary Board of the Capital Markets Authority have not been included until it is decided upon, as it is still under evaluation and review by the Group's management.

12. Payables and other credit balances

	2020	2019
Trade payables	-	58,338
Due to contractors	-	42,137
Provision for amount payable towards purchase of Investment properties	-	781,250
Due to related parties (Note – 24)	**8,039,853**	54,280
Dividends payables	**6,087**	111,711
Accrued expenses	**109,369**	121,545
Tax Provision	**761,404**	802,522
Other credit balances	**215,023**	261,193
	9,131,736	2,232,976

13. Wakala payables

	2020	2019
Wakala payables from investment funds	**2,185,730**	2,522,653

- All Wakala payables have been matured previously, but have not been renewed, or paid. The Group had ceased to record the finance cost. There is a legal dispute with all parties of the Wakala contracts on the amounts that should be paid.

- During prior years, the Parent Company submitted an application to the competent Court for protection from the creditors in accordance with Law No. 2 of 2009 "Financial Stability Law" and has submitted a Restructuring Plan for the Wakala payable. The General Counsel head of department issued a judgment accepting the request for restructuring of the facility and the resultant cessation of the civil procedures of litigation and execution. The proposal was registered at the Court of Appeal in Corporate Restructuring Circle for settlement. During the previous financial year, the Court of Appeal issued a ruling rejecting the restructuring request, the parent company appealed against the ruling for cassation, and the appeal submitted by the parent company was rejected.
- During the current financial year, one of wakala payables has liquidated shares that were retained for him with the knowledge of the Ministry of Justice - Execution Department, and which are represented in AAN Digital Services Holding K.S.C.P shares - previously an associate company – with a number of 13,367,858 shares (note - 10),and the treasury shares with a number of 8,000,000 shares (note - 16), the total sale value of those shares amounted to KD 306,311 , and resulted in a loss on sale related to the shares of the associate company amounted to KD 112,447 recorded in the consolidated statement of profit or loss under the item of "loss on sale of investments in associates", and loss on sale of treasury shares amounting to KD 1,133,315 recorded in consolidated statement of changes in equity in share premium item and unquoted local shares as well (note - 7) . The total sale value of those shares amounted to KD 30,768 and resulted in a gain on sale of those shares with an amount of KD 30,768 recorded in the consolidated statement of profit or loss under the item of "gains from investments" accordingly, the group reduced the balance of wakala payables to KD 2,185,730 as of December 31, 2020.

14. Provision of End of service indemnity

The Movement of provision of end of services indemnity as follows:

	2020	2019
Balance as of January 1,	**201,608**	168,266
Charged on the year	**71,206**	41,110
Paid during the year	**(47,152)**	(7,768)
Balance as of December 31,	**225,662**	201,608

15. Share capital

The Company's authorized, issued and fully paid capital is KD 40,706,523 divided into 407,065,225 shares each of a nominal value of 100 fils. All shares are cash shares.

16. Treasury shares

	2020	2019
Number of shares	-	17,466,619
Percentage (%)	-	4.3
Market value	-	255,436
Cost value	-	2,694,680

- During the current financial year, 8,000,000 shares were sold with the knowledge of the Ministry of Justice - Execution Department, which were retained for one of wakala payables (note - 13), and the group calculated the value of the sold shares with an amount of KD 109,395 which resulted in a loss on sale with an amount of KD 1,133,315 recorded in the consolidated statement of changes in equity in share premium item.
- On December 31, 2020, the group sold 9,300,000 shares for an amount of Kuwaiti Dinars 146,110, which represents the remaining balance of the treasury shares. The sale resulted in a loss of Kuwaiti Dinars 1,298,539, which was recorded in the consolidated statement of changes in equity under the item of share premium.

17. Other reserves

	Employees' share option reserves	Group's share in associates reserves	Change in fair value reserve	Total
Balance as of January 1, 2019	490,500	(176,932)	(863,032)	(549,464)
Adjustments to the opening balances due to share of the Group in the adjustments of reserves of associates	-	(136,813)	-	(136,813)
Total other comprehensive income for the year	-	(416,121)	(984,158)	(1,400,279)
Balance as of December 31, 2019	490,500	(729,866)	(1,847,190)	(2,086,556)
Balance as of January 1, 2020	490,500	(729,866)	(1,847,190)	(2,086,556)
Total other comprehensive income for the year	-	1,486,752	(1,597,137)	(110,385)
Transferred to accumulated losses as a result of the conversion into investments in an associate	-	-	3,444,327	3,444,327
Balance as of December 31, 2020	**490,500**	**756,886**	**-**	**1,247,386**

Employees' share option rights were not used as of the date of the report.

18. Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of net profit before KFAS, National Labor Support Tax, Board of Directors' remuneration and Zakat expense are transferred to statutory reserve. Statutory reserve is not distributable to shareholders; however, the reserve could be utilized for payment of a dividend of 5% of share capital in years when retained earnings are not sufficient for payment of dividends. When the balance of the reserve exceeds 50% of share capital, the General Assembly is permitted to utilize amounts in excess of 50% of the share capital for the benefit of the Parent Company and its shareholders .there is no transfer to the statutory reserve due to existence of accumulate losses.

19. Voluntary reserve

In accordance with the Parent Company's Articles of Association, a percentage of net profit as proposed by the Board of Directors and approved by the General Assembly is transferred to voluntary reserve. Such annual transfers may be discontinued by a resolution of the General Assembly based on the proposal of the Board of Directors. There is no transfer to the Voluntary reserve due to existence of accumulate losses.

20. Net Profit /(loss) from investments

	2020	2019
Profit/Loss on sale of investments at fair value through profit or loss	**49,900**	(54,700)
Change in fair value of investments at fair value through profit or loss	**665,553**	(784,204)
	715,453	(838,904)

21. Net losses from Associates

	2020	2019
Group's share in associates' results	**(418,370)**	(5,405)
Losses on sale of investments in associates	**(543,956)**	(476,884)
	(962,326)	(482,289)

22. Other expenses

	2020	2019
Rent	**21,766**	22,712
Consultancy fees	**29,315**	30,250
Subscription fees	**20,810**	87,139
Legal fees	**11,365**	34,611
Bank charges	**7,065**	3,938
Depreciation	**7,096**	9,115
Miscellaneous expenses	**100,930**	134,012
	198,347	321,777

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(All amounts are in Kuwaiti Dinar unless stated otherwise)

23. Earning / (Loss) per share attributable to shareholders of the Parent Company (fils)

Earning / (Loss) per share attributable to shareholders of the Parent Company is calculated by dividing net profit/(loss) for the year by the weighted average number of issued and outstanding shares during the year as follows:

	2020	2019
Net Profit/(loss) for the year attributable to Shareholders of the Parent Company	**3,457,575**	(2,107,213)
Weighted average of outstanding shares during the year /(share) :	**407,065,225**	**407,065,225**
Weighted average of treasury shares / (share)	**(10,218,838)**	**(17,466,619)**
Weighted average of issued and outstanding shares during the year / (share)	**396,846,387**	389,598,606
Earning /(Loss) per share attributable to Shareholders of the Parent Company / (fils)	**8.71**	(5.41)

24. Related parties' transactions

Related parties include Parent Company's shareholders who have representation in the board of directors, major shareholders, companies at which members of the board of directors of the "parent company" participate in their management, also, major shareholder, In the normal course of business, subject to the "Parent Company's" management approval, there were transactions with the major shareholder and the subsidiaries. Those transactions were carried out in accordance with the same terms of dealing with other parties, approved by the board of directors. Other than what was disclosed elsewhere those are the transactions with the related parties:

	2020	2019
Consolidated statement of financial position		
Due from related parties(Notes -8)	**2,486,670**	4,983,068
Due to related parties(Notes-12)	**8,039,853**	54,280
Goodwill from acquiring subsidiary (Note -25)	**167,295**	-
Top management's benefits	**124,261**	16,104

	2020	2019
Consolidated statement of profit or loss		
Top management's benefits	**152,274**	44,607
Profit from subsidiary disposal (note -5)	**107,554**	-

The transactions with the related parties are subject to the approval of the Shareholders General Assembly.

The Group manages portfolios on behalf of related parties as a fiduciary assets , the net assets of those portfolios amounted to KD 9,836,271 as of December 31, 2020 (KD1,355,470 as of December 31, 2019) which are off consolidated financial position items.

25. Subsidiary Acquisition

On September 29, 2020 the group - through one of its subsidiaries (Dar Al-Bairaq General Trading and Contracting Company W.L.L.) - acquired Arabian Educational Pen Company - K.S.C - closed by %99.33 from a related party. Accordingly, the group has the control over the financial and operating policies of that company, and hence, that company was classified as a subsidiary company, and its financial statements were consolidated from the date of acquisition.

The following are a statement of the subsidiary company's assets and liabilities as of the date of acquisition:

	KD
Assets	
Cash &cash equivalent	**25,836**
Other Debit Balances	**22,934**
Due from related parties	**39,912**
Investment at fair value through profit or loss	**73,219**
Investments at fair value through Comprehensive income	**863,555**
Property and Equipment	**24,542**
Total Assets	**1,049,998**
Liabilities	
Due to related party	**749,364**
Other Credit Balances	**594**
Provision for end of service indemnity	**15,438**
Total Liabilities	**765,396**
Net Assets	**284,602**
The group's share in the net assets of the subsidiary	**282,705**
The value of the share acquired	**450,000**
Goodwill from acquisition	**167,295**

26. Shareholders' General Assembly

The shareholders 'general assembly held on July 27, 2020 and approved the consolidated financial statements for the fiscal year ending on December 31, 2019 and approved the Board of Directors' proposals to distribute the profits for the fiscal year ending on December 31, 2019. No remunerations were distributed to Board members for the fiscal year ending on December 31, 2019.

27. Proposed dividends and Board of Directors' remunerations

The Board of Directors, in its meeting held on April 29, 2021, suggested not to distribute dividends for the fiscal year ending on December 31, 2020, as well as not distributing remuneration to members of the Board of Directors for the financial year ending December 31, 2020

This proposal is subject to the approval of the parent's company shareholders' general assembly.

28. Contingent liabilities and contingent assets

Contingent liabilities

- There is a lawsuit for settlement of accounts from one of the investment properties creditors. The Creditor filed a case against the company but it was rejected in the Court of first instance and creditor had appealed against the ruling. The proceedings were suspended as Parent Company is subject to financial stability law. During the previous financial years, the Court of Appeal issued a ruling rejecting the restructuring request, and the ruling for cassation is being appealed by the parent company, and no appeal session was set until the interim condensed consolidated financial position date. The lawsuit was renewed from the endowment after the restructuring request had been rejected, the announcement session was set for August 13, 2020. On August 26, 2020, a court ruling was issued against the parent company obliging it to pay an amount of KD 5,624,615 with legal interest of %7 annually from the date of this ruling until the payment is completed. The parent company appealed the cassation of that ruling, and it also applied to stop the implementation of that ruling. **Based on the opinion of the external lawyer, this ruling will be canceled by the Court of Cassation, especially since the company that benefited from the property in question is Tatweer Capital Real Estate Co. (previously: Al Madina Real Estate Development Company) an associate company with a percentage of % 48.08 and the property ownership document (final contract) is registered in the name of the subsidiary which has used the entire property.**

- The Group has provided a joint security against Murabahat payable granted to a related party of KD 3,201,136 as of December 31, 2020 (KD 3,201,136 as of December 31, 2019). There are disputes with respect to those Murabahat. There was a Court judgment from a foreign Court in favor of the lender who filed a lawsuit to execute the above¬ mentioned Judgment in the Kuwait Court. During the year 2016, the Court's judgment was issued to revoke the case. During the previous years, the lender filed a new case regarding the merit of the dispute. During the previous year, the judgment was issued to refer the case to the expert department. During the previous financial year, a ruling was issued to suspend the case, and it was contested with an appeal. A session is scheduled on May 18, 2021 to rule for peace.

- On April 1, 2021, a decision was issued by the Capital Markets Authority to cancel the capital increase of the associate invested in (Jiyad Holding Company K.S.C.P) (Note - 10). As a result of this decision, the decision and its effect are still with the group under study to show the financial impact or the potential claims and issues that may arise from the decision of the Disciplinary Board of the Capital Markets Authority until it is decided upon, as it is still under evaluation and review by the Group's management.

Contingent assets

- The Parent Company has filed a case against certain foreign parties to recover loss resulted from purchase of some properties in Abu Dhabi, United Arab Emirates. The Court of Appeal of Abu Dhabi issued a judgment in favor of the Group to pay an amount of UAE Dirham 76 million approximately (KD 6 million approximately) as of December 31, 2020 (December 31, 2019 KD 6 million approximately) in addition to pay delay interests of 5% per year. They have filed an appeal against this judgment and the Court of Cassation upheld the judgment to the Court of Appeal's judgment obligating the litigant to pay the amount. It is currently in process of executing this judgment.

- There is a case filed by the parent company against a foreign party respect to the annulment of the share purchase contract of KD 1,575,000, and on November 11, 2019, a first-degree judgment was issued in favor of the parent company. That part appealed the judgment by cassation and no hearing was scheduled for it to date.

- There are also potential lawsuits on the "group" that are represented in cases pending before the judiciary in its various degrees with other parties whose results cannot be determined until the date of the consolidated financial position, and according to the opinion of the group's internal legal department, there is no need to record provisions for these amounts until the outcome is determined for these claims and issues.

29. Segment distribution

The disclosure of operating segments information is based on the internal financial reporting structure of the Department, which is regularly reviewed by the chief operating decision maker, the Group carries out the majority of its activities through two major segments:

- Real estate segment: represent developing and selling land and properties.
- Investment segment: represent direct investment and portfolios management and investment funds for third party.

Analysis of the financial information according to segments for the year ended December 31, is as follows:

	Real estate		Investment		Total	
	2020	2019	**2020**	2019	**2020**	2019
Segment revenue / (losses)	**-**	(3,309)	**4,455,599**	(1,321,193)	**4,455,599**	(1,324,502)
Segment results	**-**	(3,309)	**4,455,599**	(1,321,193)	**4,455,599**	(1,324,502)
losses for the year					**3,498,006**	(2,189,654)
Segment assets	**491,210**	535,227	**24,922,855**	21,543,099	**25,414,065**	22,078,326
Segment liabilities	**-**	823,387	**11,540,452**	4,133,850	**11,543,128**	4,957,237

	2020	2019
Total segment result	**4,455,599**	(1,324,502)
Other (expenses)/ income	**(251,983)**	44,704
Net charged provisions	**-**	(46,434)
Other expenses	**(705,610)**	(863,422)
Net profit /(loss) for the year	**3,498,006**	(2,189,654)
Total segment assets	**25,414,065**	22,078,326
Cash and cash equivalents	**284,323**	142,745
Accounts receivable and other debit balances	**2,082,706**	5,273,124
Good will	**167,295**	-
Property and equipment	**18,068**	6,113
Total assets	**27,966,457**	27,500,308

Notes to the consolidated financial statements for the financial year ended December 31, 2020
(All amounts are in Kuwaiti Dinar unless stated otherwise)

Geographical distribution of assets and Losses :

	2020		2019	
	Assets	**Revenue**	Assets	Losses
State of Kuwait	**26,587,995**	**4,386,026**	26,560,262	(1,235,674)
Gulf Co-operation Council	**1,245,537**	**(197,213)**	822,101	(105,500)
Other Arabian Countries	**132,925**	**14,803**	117,945	14,402
	27,966,457	**4,203,616**	27,500,308	(1,326,772)

30. Financial instruments

A- Categories of financial instruments

The Group's financial assets and financial liabilities are categorized in the consolidated statement of financial position as follows:

Financial assets	**2020**	2019
Cash and cash equivalents	**284,323**	142,745
Investment at fair value through profit or loss	**3,641,355**	1,680,733
Investment at fair value through other comprehensive income	**-**	2,187,764
Receivables and other debit balances	**2,573,916**	4,980,556
Investment in associates	**21,281,500**	17,674,602
	27,781,094	26,666,400

Financial liabilities	**2020**	2019
Payables and other credit balances	**9,131,736**	2,232,976
Wakala payables	**2,185,730**	2,522,653
	11,317,466	4,755,629

Fair value of the financial instruments

The fair value of the financial instruments is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Group has used the assumptions and accepted methods in the assessment of fair values of financial instruments. The fair values of the Group's financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on an active market are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flows using prices from observable current market transactions and dealer quotes for similar instrument.

The fair value of the financial instruments carried at amortized cost is not significantly different from their carrying value.

The following table presents financial assets and financial liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy group's financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant inputs to the fair value measurement.

December 31, 2020:	**Level 1**	**Level 2**	**Total**
Investments at fair value through profit or loss			
Financial investments in local shares – quoted	**3,562,559**	**-**	**3,562,559**
Financial investments in local funds - unquoted	**-**	**78,268**	**78,268**
Total	**3,562,559**	**78,268**	**3,640,827**

December 31, 2019:	Level 1	Level 2	Total
Investments at fair value through profit or loss			
Financial investments in local shares – quoted	1,597,254	-	1,597,254
Financial investments in local funds - unquoted	-	82,951	82,951
Investments at fair value through other comprehensive income			
Financial investments in local shares – quoted	2,187,764	-	2,187,764
Total	3,785,018	82,951	3,867,969

B- Financial risks management

The Group uses financial instruments, which exposes it to variety of financial risks such as credit risks, market risks, liquidity risks and interest rate risks.

The Group continuously reviews its risk exposures and takes the necessary procedures to limit these risks to acceptable levels.

The Group's Board of Directors sets out written guidelines for the overall risk management framework, as well as written policies covering certain areas such as foreign exchange risk, interest rate risk and credit risk as well as investment of financial surpluses.

The significant risks that the Company is exposed to are discussed below:

- **Credit risks**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of cash &cash equivalents, term deposits, receivables and other debit balances. Credit risk associated with receivables and other debit balances is limited due to dispersion across large number of customers, for more details see note (8), the cash and cash equivalent deposited at reputable credit financial institutions, the receivables are presented net of Provision for expected credit losses.

The Group considers its maximum exposure to credit risk to be as follows:

	2020	2019
Cash and cash equivalent	**284,323**	142,745
Receivables and other debit balances	**2,573,916**	4,980,556
	2,858,239	5,123,301

For further information, refer back to notes (6) and (8). Financial assets whose maturity date has expired and its value have not impaired are disclosed in note 8. The maturity date of the other financial assets has not expired.

- **Liquidity risks**

Liquidity risk is the Group's inability to meet its cash obligations. Liquidity risk management involves maintaining sufficient cash and providing sources of finance by providing adequate facilities, maintaining high liquidity assets and monitoring liquidity on a regular basis through future cash flows.

The maturity of liabilities stated below based on the period from the consolidated financial position date to the contractual maturity date. In case the liabilities do not have a contractual maturity date, the maturity is based on management's estimate of liquidating assets to settle liabilities:

The following are the maturity dates of liabilities:

December 31, 2020

	Within 1 year	More than 1 year	Total
Payables and other credit balances	**9,131,736**	-	**9,131,736**
Wakala payable	**2,185,730**	-	**2,185,730**
End of service benefits	-	**225,662**	**225,662**
	11,317,466	**225,662**	**11,543,128**

December 31, 2019

	Within 1 year	More than 1 year	Total
Payables and other credit balances	2,232,976	-	2,232,976
Wakala payable	2,522,653	-	2,522,653
End of service benefits	-	201,608	201,608
	4,755,629	201,608	4,957,237

- **Market risks**

Market risks comprise of foreign currency risks, interest rate risks and equity price risks. These risks arise from changes in market prices, interest rates and foreign currencies prices.

Foreign currencies risks
Foreign currencies risks arise from transactions in foreign currencies. The Group manages these risks by setting limits on transactions in other foreign currencies and counterparty and limiting its transaction business in major currencies with reputable counterparties.

The following table shows the effect on the Consolidated statement of profit or loss (resulted from change in fair value of monetary assets and liabilities) because of change of currencies prices and consistency of other variables:

	Effect on consolidated statements of profit or loss	
	2020	2019
Changes in foreign currencies prices ± 5	**68,923**	47,102

Interest rate risk
Interest rate risk arises from long-term loans as loans at variable interest rates may expose the Group to cash flow risk due to interest rates. The Group does not currently have long-term loans.

The Group has no significant assets with interest rates. Accordingly, the Company's income and its cash and operating flows are not affected by changes in market interest rates.

Equity price risk
Equity price risk is the risk that the fair value of equities will fluctuate due to changes in the level of equity indices or the value of independent equity prices. Equity price risk arises from changes in the fair value of investments in stocks.

The effect on the fair value reserve as a result of a change in the fair value of investments at fair value through other comprehensive income and the effect on the consolidated statement of profit or loss as a result of changes in the fair value of investments at fair value through profit or loss as of December 31, because of expected changes in shares indices and consistency of other variables, is as follows::

	Effect on consolidated statements of profit or loss		Effect on consolidated statements of change in Equity statement	
Market indicators ±10	**2020**	2019	**2020**	2019
Kuwait securities	**356,256**	159,725	-	218,776

31. Capital risk management

a- The Group's objectives in managing capital:

The Group's objectives in managing capital are:

- To safeguard the Group's ability to continue as a going concern to be able to provide returns for shareholders and benefits for other beneficiaries.
- To maintain an optimal returns to shareholders through pricing its products and services commensurately with risk level.

b- Debt to equity ratio
The Group monitors capital on the basis of debt to equity ratio. This ratio is calculated as net debt divided by total adjusted capital. Net debt calculated as total Wakala payables, as shown in the consolidated statement of financial position less cash and cash equivalents. Total adjusted capital comprises all components of equity (share capital, share premium,, , treasury shares and reserves, Accumulated losses and non-controlling interests) plus net debt. The debt to equity ratio is as follows:

	2020	2019
Debts	**2,185,730**	2,522,653
Less: cash and cash equivalents	**(284,323)**	(142,745)
Net debt	**1,901,407**	2,379,908
Total equity	**16,423,329**	22,543,071
Total adjusted capital	**18,324,736**	24,922,979
Debt to equity ratio	**10.4%**	%9.6

32. Consignment assets

The Group manages portfolios on behalf of other parties, the net assets of those portfolios amounted to KD 15,404,770 as of December 31, 2020 (KD 1,663,416 as of December 31, 2019), the balances for those portfolios are not present in the consolidated financial position.

Notes to the consolidated financial statements for the financial year ended December 31, 2020
(All amounts are in Kuwaiti Dinar unless stated otherwise)

33. Subsequent events

On March 13, 2021, the Capital Markets Authority issued a decision as follows:

- Refer the parent company to the Kuwaiti Financial Intelligence Unit.
- Suspending the parent company's shares from trading on the Kuwait Stock Exchange until the Kuwaiti Financial Investigation Unit completes its work.
- Canceling the licensing of all securities activities of the parent company. Until the date of issuance of the consolidated financial statements, no results of the above have been issued or the financial impact on the group's financial statements has been determined.

On April 1, 2021, a decision was issued by the Capital Markets Authority against one of the associate companies (Jiyad Holding Company K.S.C (Public)) (Note - 10) according to which the subscription of the shares of the capital increase of the associate was issued against which this decision was issued. The financial impact or claims and issues that may arise from the decision of the Disciplinary Board of the Capital Markets Authority have not been included until they are decided upon, as they are still under evaluation and review by the Group's management.

34. Significant events

- The outbreak of coronavirus ("COVID-19") pandemic across the globe has caused disruption to business and economic activities and uncertainties in the global economic environment. Management assessed the impact of the pandemic on the significant estimates and judgments applied by them in arriving at the Group's reported amounts of financial and non-financial assets as of 31st December 2020. Management also assessed that the group has plans in place to settle its current liabilities.

  Group's Management is continuously revising their assumptions, estimates and judgments and monitoring the liquidity position as event unfold.