2019

ANNUAL REPORT

تمدين
TAMDEEN
INVESTMENT

IN THE NAME OF ALLAH, THE MOST GRACIOUS, THE MOST MERCIFUL

H.H. Sheikh Nawaf Al Ahmad Al Jaber Al Sabah
Crown prince of the State of Kuwait

H.H. Sheikh Sabah Al Ahmad Al Jaber Al Sabah
Amir of the State of Kuwait

H.H. Sheikh Sabah Al Khaled Al Hamad Al Sabah
Prime minister of the State of Kuwait

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CHAIRMAN'S LETTER

ESTEEMED SHAREHOLDERS,

MAY PEACE AND ALLAH'S MERCY AND BLESSINGS BE UPON YOU.

ON MY OWN BEHALF AND ON BEHALF OF THE BOARD MEMBERS OF THE TAMDEEN INVESTMENT COMPANY, I AM PLEASED TO REVIEW WITH YOU THE ANNUAL REPORT FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019.

ESTEEMED BROTHERS,

During 2019, despite the significant impact of general variables such as oil market variables and the pressures caused by geopolitical events, the Kuwait Stock Exchange is in an exceptional case of a significant increase in the level of its liquidity, with the possibility of further increase after its inclusion on the Morgan Stanley Emerging Markets Index in May 2020. The total liquidity of the stock exchange during 2019 amounted to KD 7.84 billion, which is 90.1% higher than that of the 2018 which amounted to a total of about KD 4.128 billion.

The general index of the Kuwait Stock Exchange recorded a positive performance at the end of 2019 compared to its level at the end of 2018, as it amounted to the level of 6282.5 points, an increase of about 1202.9 points, or 23.7%.

The capital value of the listed companies at the end of the year (175 companies) was about KD 36.35 billion, and when comparing this amount to that of 2018, we noticed that they achieved an increase of about KD 7.16 billion, or about 24.6%.

During the year, two public offerings were completed in Kuwait for both Shamal Azzour Aloula Company and the Boursa Kuwait Company itself, and achieved a coverage rate for the first by 127% and for the latter by about 850%.

ESTEEMED BROTHERS,

The year 2019 was thankfully full of accomplishments that were achieved, for all operational and investment activities. The company continued to achieve growth in all areas of business in the presence of strong financial results and achievements at the level of all key performance indicators, where investment revenues increased by 15% from last year, especially from the company's investment in the banking sector represented by Al Ahli United Bank and the petrochemical sector represented by Boubyan Petrochemicals Company. Cash dividends received during the year 2019 amounted to Kuwaiti Dinar 10.2 million compared to Kuwaiti Dinar 8.9 million in 2018.

In terms of the company's share of the profits of its associates, it achieved a significant growth in 2019, amounting to 42%, at a value of KD 6.8 million, compared to KD 4.8 million in 2018, due to the growth in profits of the associates, which included Kuwait National Cinema Company and Manshar Real Estate Company.

During 2019, Manshar Real Estate Company continued to develop the "Al Kout Project" to be the preferred destination for visitors to the southern region and the surrounding areas for the purpose of entertainment and business, as the company in the beginning of 2019 assigned the management of the Hyatt Regency Al Kout Mall to Hyatt International Hotels Group because of its distinguished experiences in the hospitality sector. Comprehensive renovation works were commenced for all guest rooms to become of an innovative modern design, in addition to the opening of the hotel's conference and banqueting center, which occupies an area of more than 3700 square meters. The center is an extension and a rich addition to the hotel, "Hyatt Regency Al Kout Mall" and its expansion in response to the increasing demand to host local and international events and conferences in the center in the region. This center is a new addition to the hotel, which is only enjoyed by the Kout Project, the largest shopping and entertainment waterfront in southern Kuwait.

As for the company's investment in the sports sector, and through the Tamdeen Sports Company, which is one of the subsidiaries, the branch of "Rafa Nadal Kuwait Academy from Movistar" was launched, which aims to raise a generation of tennis champions and refine the skills of fans of this sport, in cooperation with the Spanish Academy, which is considered one of the best tennis sport training centers in the world. The Rafa Nadal Kuwait Academy will become the first of its kind in the State of Kuwait and the region, as it will be a center for training and development of tennis talents. The academy will host the headquarters of the Kuwait Tennis Federation and is one of the most important components of the "Sheikh Jaber Al Abdullah Al Jaber Al Sabah International Tennis Complex", the grand sports edifice, which is considered one of the most prominent partnerships between the public and private sectors in the country and the largest sports initiative launched by the Public Authority for Sport in the State of Kuwait in terms of value and size.

With regard to investment in the entertainment sector and the continued efforts to make a qualitative leap in the field of family entertainment in order to meet more aspirations of new generations looking for an area of pleasure and a challenge of a special and modern type, Kuwait Carting Company, a subsidiary company, started working on the establishment of the largest "Karting" car racing circuit, a covered and multi-storey building in the Middle East, which is the Kuwait Karting circuit in Al Kout Mall. The total area with its various facilities is more than 5,380 square meters, while the circuit is the longest multi-storeyed circuit for this type of racing and sports in the State of Kuwait and the Middle East with a total length of more than 511 meters, divided into two tracks, the first is for adult competitors, and the second is for young competitors, with the possibility of merging both tracks in the event of a major event and is expected to be opened by the third quarter of 2020.

In terms of investment in the media sector, Tamdeen Advertising Company, a subsidiary company, has started its work, which specializes in audio-visual advertising activities for projects, events and activities of the Tamdeen Group. With regard to the expansion of the catering sector, the International Restaurant Company, a subsidiary company, has begun work in full swing in preparing to open it first experiences in the field of innovative restaurants, which is expected to open by the third quarter of 2020 at the "Sheikh Jaber Al Abdullah Al Jaber Al Sabah International Tennis Complex".

With regard to investment in the technical sector and through Spirit Art Company, a subsidiary company, the capital of the company has been increased to Kuwaiti Dinar one million, and a contract was signed with the Canadian Live Nation, which is one of the largest international companies, to manage events and activities in the main covered hall in the Sheikh Jaber Al Abdullah Al Jaber Al Sabah International Tennis Complex which can accommodate 5 thousand people, to make this project proper to the State of Kuwait.

ESTEEMED BROTHERS,

During 2019, the company achieved a net profit of Kuwaiti Dinars 8.2 million and a share profit of Fils 24.08, compared to the 2018 profits of Kuwaiti Dinars 7.4 million and a profit of Fils 21.53 per share for the same year.

The total assets of the company amounted to Kuwaiti Dinars 376.6 million in 2019 compared to Kuwaiti Dinars 293.4 million dinars for 2018. The total liabilities of the company amounted to 87.3 million Kuwaiti dinars compared to Kuwaiti Dinars 92.7 million for the year 2018. With regard to shareholders' rights, it reached Kuwaiti Dinars 278.5 million compared to Kuwaiti Dinars 190 million for 2018.

In preparing the financial statements of the company, due diligence was also taken to adherence to the requirements of the International Financial Reporting Standards and all the regulations and laws imposed by the supervisory authorities in order to ensure their safety.

In addition, during the year 2020, the Board of Directors will strive to continue implementing the conservative and well-planned investment policies of Tamdeen Group in order to ensure the preservation and development of the company's assets.

Emphasizing the success of the policies and goals set by the Board of Directors of Tamdeen Investment Company, it is pleased to submit a recommendation to the General Assembly to distribute cash dividends to shareholders at 12% of the nominal value of the share, i.e. Fils 12 per share for the fiscal year ending December 31, 2019, as well as the recommendation to the General Assembly to grant members of the Board of Directors a reward of Kuwaiti Dinars 50 thousand for the year 2019.

ESTEEMED BROTHERS,

I would like to take this opportunity to present on behalf of myself and on behalf of the Board of Directors many thanks and gratitude to His Highness the Amir Sheikh Sabah Al Ahmad Al Jaber Al Sabah, and to His Highness the Crown Prince Sheikh Nawaf Al Ahmad Al Jaber Al Sabah may God protect and preserve them and to His Highness the Prime Minister Sheikh Sabah Al Khaled Al Hamad Al Sabah. We also thank the distinguished shareholders of the company for the confidence and support they have shown us.

In conclusion, I would like to express my thanks and appreciation to the members of the company's board of directors and employees for their fruitful efforts that helped us reach the desired results for the company during 2019.

MAY PEACE AND ALLAH'S MERCY AND BLESSINGS BE UPON YOU.

NAWAF AHMAD AL MARZOUQ

CHAIRMAN OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS

Nawaf Ahmad Al Marzouq
CHAIRMAN OF THE BOARD OF DIRECTORS

Ahmed Dakhil Al Osaimi
VICE CHAIRMAN OF THE BOARD OF DIRECTORS

Salah Abdulaziz Al Bahar
BOARD MEMBER

Abdulaziz Abdullah Al Ghanim
INDEPENDENT MEMBER

Talal Yousef Al Marzouq
BOARD MEMBER

Azzam Hamzah Al Homaidi
SECRETARY OF THE BOARD OF DIRECTORS

EXECUTIVE MANAGEMENT

Mohammed Mustafa Al Marzouq
CHIEF EXECUTIVE OFFICER

Nabil Abdulmoti Sulaiman
DEPUTY GENERAL MANAGER FOR FINANCIAL AFFAIRS

Sanaa Mousa
INVESTMENT PORTFOLIOS MANAGER

Azzam Hamzah Al Homaidi
ADMINISTRATIVE AFFAIRS MANAGER

Nashmiah Al Hadiyyah
COORDINATION AND FOLLOW-UP MANAGER

CORPORATE GOVERNANCE REPORT

BRIEF OUTLINE OF THE GROUP'S CORPORATE GOVERNANCE

Corporate Governance is a group of relations that forms the links among the company's management, board of directors, shareholders and stakeholders. It provides the structure through which the objectives of the Company are laid down and its performance monitored on the basis of those objectives.

Tamdeen Investment Company is committed to the highest standards of corporate governance, in full realization that sound governance is a focal element in assisting the company in implementing its strategy while achieving appropriate value for the shareholders and discharging its obligations toward both shareholders and stakeholders.

As a basic part of this commitment, **Tamdeen Investment Company** operates within a well-defined governance structure and incorporates the principles and practices of governance within its operations. The company depends on the support of and partnership with society in the promotion of excellence if corporate governance.

In **Tamdeen Investment Company's** view, management's freedom should be exercised within appropriate controls, for control curbs the abuse of power and enables management to respond to change in a timely manner. Management believes that business risk management should necessarily be pro-active and effective.

UNDERTAKING OF THE BOARD OF DIRECTORS

We, the chairman and members of the Board of Directors of Tamdeen Investment Company, hereby declare and warrant the accuracy and integrity of the financial statements as of 31 December 2019, and that the financial reports of the company have been presented fairly, properly and according to the International Financial Reporting Standards applicable in the State of Kuwait according to such information and reports as have been received by us from the Executive Management, auditors and that due care has been made to verify the integrity and accuracy of those reports.

Member Name	Position	Signature
Nawaf Ahmad Al Marzouq	Chairman of the Board of Directors	
Ahmed Dakhil Al Osaimi	Deputy Chairman of the Board of Directors	
Talal Yousef Al Marzouq	Member of the Board of Directors	
Abdulaziz Abdullah Al Ghanim	Independent Member of the Board of Directors	
Salah Abdulaziz Al Bahar	Member of the Board of Directors	
Azzam Hamzah Al Homaidi	Secretary of the Board of Directors	

UNDERTAKING OF THE EXECUTIVE MANAGEMENT

The Chairman and Members of the Board of Directors Of Tamdeen Investment Company

With reference to the above-mentioned subject, and in accordance with the requirements of the Kuwaiti Capital Markets Authority, we undertake and warrant that the consolidated financial statements of Tamdeen Investment Company KSC (Public), the parent company and its subsidiary companies (hereinafter referred to as ""the Group") for the financial year ended 31 December 2019, are presented in a sound and fair manner, that they show all the financial aspects of the company in terms of operating data and results, and have been prepared according to the International Financial Reports Standards as approved by the Kuwaiti Capital Markets Authority.

Mohammed Mustafa Al Marzouq
Chief Executive Officer

Nabil Abdulmoti Sulaiman
Finance Manager

STRUCTURE OF THE BOARD OF DIRECTORS

Member Name	Classification of the Member / Secretary	Academic Qualification & Practical Experience	Date of Election / Appointment
Nawaf Ahmad Al Marzouq	Chairman of the Board of Directors	Bachelor of Economics and Business Administration / 19 years	30 April 2019
Ahmed Dakhil Al Osaimi	Deputy Chairman of the Board of Directors	Bachelor of Business Administration and Finance / 14 years	30 April 2019
Talal Yousef Al Marzouq	Member of the Board of Directors	Political Science and History / 24 years	30 April 2019
Abdulaziz Abdullah Al Ghanim	Independent Member of the Board of Directors	Bachelor of Commerce - Accounting / 18 years	30 April 2019
Salah Abdulaziz Al Bahar	Member of the Board of Directors	University - Organizational Assistant and Personnel / 25 years	30 April 2019
Azzam Hamzah Al Homaidi	Secretary of the Board of Directors	General Secondary / 15 years	30 April 2019

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Company's Board of Directors performs its basic functions and responsibilities which include the following:

- Approval of the Company's key objectives, strategies, plans and policies.
- Approval of the annual budgets and the interim and annual financial statements.
- Supervision of the main capital expenditure and ownership and disposal of assets.
- Ensuring that the Company complies with the policies and procedures designed to observe the regulations in force in the company and the internal regulations.
- Ensuring the accuracy and integrity of the data and information that should be disclosed, and ensuring that they conform with the policies and laws of disclosure and transparency in force.
- Approval of the Company's quarterly and annual financial reports and annual report.
- Establishing effective communication channels that enable the Company's shareholders, continuously and periodically, to inspect and be aware of the various activities and key developments of the company.
- Implementing the Company's corporate governance system which does not conflict with these rules and exercise general supervision and control of the effectiveness thereof and amending it whenever necessary.
- Forming specialized board committees according to the competence regulations, determining the term, powers and responsibilities of the committee and the method of the monitoring thereof by the Board. The resolution to form the committee also includes the members and their respective roles, rights and duties, as well as the method of evaluating the performance and procedure of these committees and the basic members thereof.
- Verifying the transparency and clarity of the organization structure of the company which should allow a decision making process and the achievement of sound principles and separation of the functions and powers of the Board of Directors and the executive management.

EXECUTIVE MANAGEMENT CHARTER

The Company's Executive Management, represented by the Chief Executive Officer and key executives, executes a set of functions that may be summarized as follows:

- The Company's Executive Management, represented by the Chief Executive Officer and key executives, executes a set of functions that may be summarized as follows:
- Execution of all policies, regulations and internal regulations of the company as approved by the Board of Directors.
- Execution of the strategy adopted by the Board of Directors.
- Preparing periodical financial and non-financial reports on the progress of the company's activities in light of the strategic plans and objectives of the company, and submitting those reports to the Board of Directors.
- Drawing an integrated accounting system that ensures the keeping of books, registers and accounts that reflect in a detailed and accurate manner the financial data and revenue accounts in such way as to safeguard the company's assets.
- Preparing the financial statements according to the International Accounting Standards approved by the Capital Markets Authority.
- Undertaking the daily management of the business and administration of the activity, managing the company's resources in an optimum manner and seeking to maximize profits and minimize expenses in accordance with the company's objectives and strategy.
- Effectively participate to the building and development of moral values within the company.
- Lay down an internal control system and risk management system, ensuring the effectiveness and adequacy of those systems while observing the risk aptitude approved by the Board of Directors.

MEETINGS OF THE BOARD OF DIRECTORS DURING 2019

Meeting Date	Meeting Number	Number of Attendees
18 / 03 / 2019	(1/2019)	5
13 / 05 / 2019	(2/2019)	5
23 / 06 / 2019	(3/2019)	5
31 / 07 / 2019	(4/2019)	5
07 / 11 / 2019	(5/2019)	5
04 / 12 / 2019	(6/2019)	5

REGISTRATION, COORDINATION AND KEEPING THE MINUTES OF THE BOARD OF DIRECTORS MEETINGS

The Secretary of the Board of Directors keeps a register of the Company's Board of Directors minutes of meetings. The register contains information on the agenda of each meeting, the date and time the meeting started and ended. Meetings are numbered sequentially for each year. Files are prepared containing the minutes of the meeting, and the members of the Board are provided with the agenda supported by documents relevant to the meeting before the time of the meeting in order to allow the members sufficient time to study the items on the agenda. The minutes are signed by all attendees. The minutes of the meetings that are held by circulation are signed by all members of the Board of Directors.

MECHANISM OF PROVIDING THE BOARD OF DIRECTORS MEMBERS WITH INFORMATION AND DATA IN AN ACCURATE AND TIMELY MANNER

Tamdeen Investment Company provides the mechanisms and tolls that enable the members of the Board of Directors to obtain the required information and data in a timely manner. This is achieved by a continuous development of the information technology environment within the Company, the creation of direct communication channels between the Secretary of the Board of Directors and the Board members, and making reports and materials to be discussed at the meetings available a sufficient time in advance in order to facilitate discussion and taking well-informed decisions.

ACHIEVEMENTS OF THE BOARD OF DIRECTORS

- Approval and follow-up implementation of the Company's objectives and strategies.
- Studying and approving the policies and procedures related to all the departments of the company.
- Applying the requirements of the Capital Markets Authority concerning corporate governance, which requires the following:
    - Pursuance of Board of Directors Committees and determining their functions and powers.
    - Pursuance of an internal audit unit within the organization structure, reporting to the Internal Audit Committee and approving the mechanism of its operation.
    - Pursuance of a risk management unit reporting to the Board of Directors and approving the work mechanism thereof.
    - Adoption of policies and regulations on corporate governance requirements and pursuance on their implementation.

BOARD OF DIRECTORS COMMITTEES

The Board of Directors of Tamdeen Investment Company enjoys a management model that enables it to perform its functions. Within the framework of that vision, the Board of Directors established the following specialized committees which provide support and recommendations for supporting the Board of Directors in discharging its duties. The Board of Directors has established those .committees and approved their operating charters and powers

NOMINATIONS AND REMUNERATION COMMITTEE

The committee was established to assist the Board of Directors of the company in discharging its supervisory responsibilities related to the effectiveness and integrity of compliance with the policies and procedures of remuneration and nomination in the Company, review and approval of the selection criteria and appointing procedures of the members of the Board of Directors and Executive Management and to ensure that the remuneration and nomination policy and methodology comply with the strategic objectives of the company. For this purpose, the remuneration policy was established to attract and safekeep competent, qualified and experienced employees. Accordingly, the Board of Directors has approved this policy as per the recommendation of the committee.

Also, job descriptions and key performance indicators (KPI) of the members of the Board of Directors and Executive Management were approved during 2019 and the annual assessment was prepared according to the assessment results. Based on the concept of comprehensive self-evaluation by the members, were the overall performance is measured in a neutral and objective manner, helping to avoid mistakes and to correct the imbalance that hinders the application of corporate governance property.

FORMATION

The Nominations and Remuneration Committee was re-constituted in June 2019 with a term coinciding with the term of the Board of Directors.

1.	Mr. Salah Abdulaziz Al Bahar	Committee Chairman
2.	Mr. Talal Yousef Al Marzouq	Committee Member
3.	Mr. Abdulaziz Abdullah Al Ghanim	Committee Member

MEETINGS DURING 2019

Meeting Date	Minutes No.	Number of Attendees
27 / 01 / 2019	(01 / 2019)	3

STATEMENT OF THE REMUNERATION GRANTED TO THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Senior Management Benefits	2019
Remuneration of the executive management	56,452
Remuneration of the members of the Board of Directors	50,000

There is a proposal to the General Assembly to pay remuneration to the members of the Board of Directors in the amount of KD 50,000 for the year ended 31 December 2019. This proposal is subject to approval by the general assembly of the shareholders.

THE AUDIT COMMITTEE

The Board Audit Committee has determined the responsibilities of the Internal Audit Department as part of the audit functions. The Committee seeks to ensure the soundness and integrity of the Company's financial reports and verify the adequacy and effectiveness of the internal audit regulations in force at the company and deepening the culture of compliance within the company.

The Committee has approved the internal audit plan during the year and audited the results of the internal audit reports. It has verified that proper remedial actions are taken concerning the remarks contained in the report.

The Committee has also reviewed the interim quarterly financial reports after they have been audited and a recommendation was presented to the Board of Directors to approve them.

The Committee has recommended the Board of Directors to re-appoint the external auditors after having verified their independence and reviewed their letters of appointment.

FORMATION

The Audit Committee was re-constituted in June 2019 as follows, and its current term coincides with the term of the Board of Directors.

1.	Mr. Ahmed Dakhil Al Osaimi	Committee Chairman
2.	Mr. Salah Abdulaziz Al Bahar	Committee Member
3.	Mr. Abdulaziz Abdullah Al Ghanim	Committee Member

MEETINGS DURING 2019

Meeting Date	Minutes No.	Number of Attendees
14 / 03 / 2019	(01 / 2019)	6
09 / 05 / 2019	(02 / 2019)	6
29 / 07 / 2019	(03 / 2019)	5
07 / 11 / 2019	(04 / 2019)	6

INTERNAL AUDIT OFFICE

The Company has provided an Internal Audit Office, where the concerned officer enjoys full independence and the Audit Committee monitors the work of that Office. Further, the company has appointed a consulting firm to work with the Internal Audit Office to perform the tasks and responsibilities entrusted thereto.

RISK MANAGEMENT COMMITTEE

The role of the Risk Management Committee is to help the Company's Board of Directors in performing its supervisory responsibilities related to current and new risk issues associated with the activities of the company. The objective of the Committee is to lay down risk management strategies, policies and procedures in line with the company's risk aptitude. The company has recommended the Board of Directors to appoint an office to provide risk management services and the appointment of the said office was approved. In light of the foregoing, the Committee reviewed the work strategy and prepared a risk management policy which was duly presented to and approved by the Board of Directors.

FORMATION

The Risk Management Committee was re-constituted in June 2019 as follows, and its current term coincides with the term of the Board of Directors.

1.	Mr. Talal Yousef Al Marzouq	Committee Chairman
2.	Mr. Ahmed Dakhil Al Osaimi	Committee Member
3.	Mr. Abdulaziz Abdullah Al Ghanim	Committee Member

MEETINGS DURING 2019

Meeting Date	Minutes No.	Number of Attendees
27 / 03 / 2019	(01 / 2019)	3
07 / 07 / 2019	(02 / 2019)	3
29 / 09 / 2019	(03 / 2019)	3
15 / 10 / 2019	(04 / 2019)	3
30 / 12 / 2019	(05 / 2019)	3

RISK MANAGEMENT OFFICE

Tamdeen Investment Company has a Risk Management Office directly reporting to the Board of Directors. A specialized consulting firm has been appointed, were the concerned departments, in cooperation with the Risk Management Office, submit their Risk Reports to the Board for approval.

INTERNAL CONTROL AND SUPERVISION SYSTEMS

Tamdeen Real Estate Company relies on a set of internal control and supervision systems that cover all the activities and management of the company in order to maintain the financial integrity of the company's financial position, accuracy of data as well as the efficiency of its operations in various aspects. The organizational structure of the company reflects four eyes principle, including proper identification of authorities and responsibilities, separation of duties, non-conflict of interests, checking, four eyes principles and dual signature.

The Board of Directors appointed an independent consultancy office to implement the internal control systems with regard to Tamdeen Real Estate Company's groups and departments. This office is a consultancy party reporting to the Audit Committee and to the Board directly. The office submits regular reports to review and assess the internal control systems in force in the company. Accordingly, the Internal Audit Officer shall work with the Audit Committee to review the work of the Audit Office and discuss its reports for submission to the Board of Directors

PROFESSIONAL CONDUCT AND MORAL VALUES

Promoting the culture of professional conduct and moral values within the company strengthened investment confidence in the Company's financial integrity and soundness, for observance by all the company's Board members, executive management members another employees of the internal policies and regulations of the company and its legal and supervisory requirements will lead to achieving the interests of all parties related to the Company, particularly the shareholders, without any conflict of interest and with a high level of transparency.

STAKEHOLDERS

Tamdeen Investment Company is keen to respect and protect its stakeholders and makes every possible effort to cooperate with them in numerous areas, for the contributions of stakeholders is a most important resource in building the Company's competitive ability, and improves its profit levels.

TRAINING SESSIONS

Tamdeen Real Estate Company guarantees training requirements to the members of the Board of Directors and Executive Management in order to promote relevant skills and knowledge as well as to achieve a better performance and competence. During the year, workshops and training sessions were held for the Board and Executive Management on money laundering, terrorist financing and corporate governance.

POLICY OF REPORTING VIOLATIONS AND EXCESSES

Tamdeen Investment Company strictly observes the policy of reporting violations and excesses. The policy enables company employees to express internally their suspicious concerning any unsound practices or matters that raise suspicion in the financial reports, internal control systems or any other matters. In addition to laying down appropriate arrangements that allow the conduct of independent and fair investigations of these matters while guarantees the whistle-blower protection from any negative reaction or damage that he suffer as a result of having reported such practices.

RESPECT FOR THE RIGHTS OF SHAREHOLDERS

The Company is keen to respect the rights of its shareholders and stakeholders. To this end, the Board of Directors has approved policies that protect the rights of all shareholders, thereby ensuring that the shareholders can exercise the rights provided for in the Companies Law and the instructions of the Capital Markets Authority, which include the following:

1. Maintaining on-going communication with investors in order to respond to enquiries and provide requested information or documents.
2. Modifying communication plans through close collaboration with the media and public relations institutions with a view to analyze the investors' base and draw a framework for data segmentation and classification.

The company has a registered maintained by the clearing agency which allows investors to inspect this register. All dealings with the data recorded in the register are treated with the highest standards of protection and confidentiality, without conflicting with the applicable laws and controls.

Tamdeen Investment Company encourages its shareholders by encouraging them to attend the general assembly meeting and gives them the opportunity to vote and exercise all their rights.

INVESTORS AFFAIRS UNIT

The Investor Affairs Unit ensures that stakeholders are able to communicate effectively with the company. The unit has activated its role by providing all required data to current and potential investors in easy and convenient ways, in order to answer any queries, through the company's e-mail or direct contact.

DISCLOSURE AND TRANSPARENCY

The Board of Directors of Tamdeen Investment Company is keen to build and develop an effective disclosure and transparency system that conforms with the provisions of the law, the Executive Regulations and the instructions of the Capital Markets Authority in this regard. These provisions specify the aspects, scopes and aspects of disclosure with regard to the subjects or elements that should be disclosed.

KEEPING SHAREHOLDERS' RECORDS

The Company keeps a register of its shareholders with the Clearing Agency where shareholders can have access to this register. The Company is keen upon dealing with the data contained in this register in such way as to provide the highest protection and utmost secrecy in a manner consistent with the applicable controls and laws.

COMBATING MONEY LAUNDERING AND TERRORISM FINANCING

The Board of Directors has implemented the **Anti Money Laundering and Terrorism Financing policy** that sets forth the relevant concepts and combats Ministry of Labor and terrorist activities. The company achieves this objective by helping all members of the senior management and employees to understand the following:

- The legal requirements related to combating money laundering and terrorism financing.
- The procedures required identifying and preventing money laundering and terrorism financing activities at the company including the procedures of opening accounts and obtaining data related to the company's customers.
- Determining the information associated with combating money laundering and terrorism financing and the actions that should be taken in connection with such transactions.

SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY POLICY

Tamdeen Investment Company is committed to a positive and active role within Kuwaiti society, in recognition of the importance of the private sector's role and its responsibility towards the public good and the sustainable development goals of the nation through the Social Responsibility Policy that has been developed to ensure that the company contributes to the sustainable development of the society, in general, and for the company staff, in particular.

BRIEF ON THE ADOPTED PROGRAMS AND MECHANISMS

The company is a keen contributor and initiator of various social responsibility activities, especially programs and campaigns that directly address children and youth.

The company aims to foster and support the abilities and talents of Kuwait's future generations, encourage the youth to adopt a culture of voluntaryism and provide them with training opportunities in relevant specialized fields. Tamdeen Real Estate Company's CSR efforts stimulate innovation, as well as supporting educational, sports, artistic and cultural activities.

PARTNERSHIPS

LOYAC

Tamdeen Investment Company continues the annual support of public organizations through its partnership with LOYAC, a non-profit organization that works towards the overall development of Kuwaiti youth. LOYAC's programs help young people develop their talents and abilities to achieve their potential by providing them with training opportunities in vital areas within the labor market.

LOYAC targets young people aged between 5 and 30 through educational, training and volunteer programs, it also propels the youth to take initiatives, innovate and find solutions to social challenges.

SPONSORSHIP

Protégés Program

In 2019 the nineth generation of Protégés was launched in Kuwait, that is positively influence youth aged between 16-24 years, and drive them to the realization of their potential through self-Improvement. It is an all- inclusive program that combines workshops and lectures inside and outside Kuwait, all guided by a group of the most talented experts and influentials across multiple fields

The Protégés is a mentorship program designed to positively influence the youth and push them towards realizing their own potential and becoming their improved selves.

Dar Al Athar Al Islamiyyah - DAI

Dar al Athar al Islamiyyah (DAI) is a cultural organization based around the private art collection owned by Sheikh Nasser Al Sabah Al Ahmed Al Sabah, founder of 'The Al Sabah Collection' and his wife. DAI has already become an internationally recognized cultural organization through the uniqueness of its curated collection.

"Nuqat"

Nuqat Programs aim to develop the creativity of talented people. In 2019 we completed the seventh sense program which highlights the unique human potential in inspiration and creative problem-solving. Nuqat organizes activities which focus on various subjects related to the visual arts, therapeutic and performing arts; as well as more commercial fields such as graphic and product design and entrepreneurship. Furthermore, Nuqat launched the special edition of the Human Resources program "Investing in Creativity for Social Impact" through various means such as training programs, lectures and cultural entertainment activities.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Tamdeen Investment Company – K.S.C.P ("the Parent Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the state of Kuwait.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following is the key audit matter identified and how we addressed it in our audit.

IMPAIRMENT OF INVESTMENTS IN ASSOCIATES

As at 31 December 2019, the Group held investments in associates of KD 121,108,734 in the consolidated financial statements which represents 32% of the total assets.

Investments in associates are accounted for under the equity method of accounting and considered for impairment when an impairment indicator is identified. During the year ended 31 December 2019, the Group has recognised an impairment loss of KD 563,733 on associates.

The impairment test of the investments in associates performed by the management is significant to our audit because the assessment of the recoverable amount requires significant management estimate and judgement. Management used the value in use method to assess whether there is impairment in the investments in associates. Assessment of the value in use includes significant judgments and estimates concerning future cash flows, growth rates taking into account management's view of future business prospects and associated discount rates etc. Accordingly, we consider this as a key audit matter.

- We evaluated the design and implementation of relevant controls related to the valuation of investments in associates.
- We inspected published market information on the share price, financial position and performance of the associates to evaluate the completeness of management's impairment assessment and to identify whether there were any additional indicators of impairment on other associates not assessed for impairment;
- Together with our internal technical and valuation specialists, we assessed the appropriateness of the group's valuation methodology applied in determining the recoverable amount;
- We discussed potential changes in key drivers with management in order to evaluate whether the inputs and assumptions used in the cash flow forecast were suitable;
- We assessed the appropriateness of the disclosures made in the consolidated financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises all information included in the annual report other than the consolidated financial statements and our Auditor's report thereon. The annual report for the year 2019 is expected to be made available to us after the date of this 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. 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 the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted for use by 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 Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- 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.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with Those Charged With Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2019 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulations or of the provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2019, that might have had a material effect on the business of the Group or on its consolidated financial position.

Talal Yousef Al Muzaini
Licence No. 209A
Deloitte & Touche, Al Wazzan & Co.

Kuwait, 9 March 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2019

(ALL AMOUNTS ARE IN KUWAITI DINARS)

	NOTE	2019	2018
Assets			
Cash and cash equivalents	5	24,181,131	28,109,632
Accounts receivables and other assets	6	2,832,611	3,671,442
Financial assets at fair value through OCI	7	224,436,959	149,449,232
Investments in associates	8	121,108,734	110,989,974
Fixed assets and project under process		1,821,154	1,220,857
Intangible assets		1,830,064	-
Other assets		371,636	-
Total assets		376,582,289	293,441,137
Liabilities and equity			
Liabilities			
Accounts payable and other credit balances	9	4,482,993	2,063,828
Bank facilities	10	82,430,000	90,422,000
End of service indemnity		362,390	258,319
Total liabilities		87,275,383	92,744,147
Equity			
Share capital	11	34,506,371	34,506,371
Share premium		15,672,351	15,672,351
Treasury shares	12	(938,958)	(527,088)
Gain on sale of treasury shares		6,886,779	6,886,779
Statutory reserve	13	9,216,315	8,366,955
Fair value reserve		168,868,902	84,497,875
Group's share in associates' reserves		445,507	148,502
Retained earnings		43,891,108	40,491,537
Equity attributable to Parent Company's shareholders		278,548,375	190,043,282
Non-controlling interests		10,758,531	10,653,708
Total equity		289,306,906	200,696,990
Total liabilities and equity		376,582,289	293,441,137

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

Nawaf Ahmad Al Marzouq
Chairman

Ahmed Dakhil Al Osaimi
Vice Chairman

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

(ALL AMOUNTS ARE IN KUWAITI DINARS)

	NOTE	2019	2018
Revenues			
Cash dividends on investments at FVTOCI		10,193,367	8,912,824
Net income from associates and subsidiaries	15	6,237,796	4,692,167
Other operating income (net)		6,833	226,164
Other income	16	805,760	561,685
		17,243,756	14,392,840
Expenses			
Staff costs		1,594,354	978,160
Other expenses	17	3,362,990	2,239,752
Finance charges		3,758,810	3,691,520
Foreign currency exchange losses/ (gains)		32,836	(159,778)
		8,748,990	6,749,654
Profit for the year before deductions		8,494,766	7,643,186
National Labour Support Tax		165,498	150,255
Zakat		35,427	47,241
Board of Directors' remuneration		50,000	50,000
Net profit for the year		8,243,841	7,395,690
Distributed as follows:			
Parent Company's shareholders		8,242,672	7,394,140
Non-controlling interests		1,169	1,550
		8,243,841	7,395,690
Earnings per share attributable to the Parent Company's shareholders (fils)	18	24.08	21.53

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

(ALL AMOUNTS ARE IN KUWAITI DINARS)

	2019	2018
Net profit for the year	8,243,841	7,395,690
Other comprehensive income items:		
Items that may be reclassified subsequently to statement of income:		
Group's share in associates' reserves	(50,670)	(851,851)
	(50,670)	(851,851)
Items that may not be reclassified subsequently to statement of income:		
Change in fair value of investments in equity instruments at fair value through statement of other comprehensive income	84,371,027	12,949,712
Group's share in associates' reserves	667,027	(207,947)
	85,038,054	12,741,765
Total other comprehensive income items	84,987,384	11,889,914
Total comprehensive income for the year	93,231,225	19,285,604
Distributed as follows:		
Parent Company's shareholders	93,230,056	19,284,054
Non-controlling interests	1,169	1,550
	93,231,225	19,285,604

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

(ALL AMOUNTS ARE IN KUWAITI DINARS)

	Equity attributed to the Parent Company's shareholders										
	Share capital	Share premium	Treasury shares	Gain on sale of treasury shares	Statutory reserve	Change in fair value reserve	Group's share in associates' reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2018	**34,506,371**	**15,672,351**	**(445,960)**	**6,886,779**	**7,602,791**	**71,548,163**	**1,166,471**	**37,980,486**	**174,917,452**	**10,652,158**	**185,569,610**
Group's share of impact on adoption of IFRS 9 in associates	-	-	-	-	-	-	41,829	(18,325)	23,504	-	23,504
Balance as at 1 January 2018 (restated)	34,506,371	15,672,351	(445,960)	6,886,779	7,602,791	71,548,163	1,208,300	37,962,161	174,940,956	10,652,158	185,593,114
Net profit for the year	-	-	-	-	-	-	-	7,394,140	7,394,140	1,550	7,395,690
Total comprehensive income/ (loss) for the year	-	-	-	-	-	12,949,712	(1,059,798)	-	11,889,914	-	11,889,914
Cash dividends	-	-	-	-	-	-	-	(4,121,727)	(4,121,727)	-	(4,121,727)
Purchase of treasury shares	-	-	(81,128)	-	-	-	-	-	(81,128)	-	(81,128)
Group's share of impact on RE adjustment in associate	-	-	-	-	-	-	-	21,127	21,127	-	21,127
Transferred to statutory reserve	-	-	-	-	764,164	-	-	(764,164)	-	-	-
Balance as at 31 December 2018	**34,506,371**	**15,672,351**	**(527,088)**	**6,886,779**	**8,366,955**	**84,497,875**	**148,502**	**40,491,537**	**190,043,282**	**10,653,708**	**200,696,990**
Balance as at 1 January 2019	34,506,371	15,672,351	(527,088)	6,886,779	8,366,955	84,497,875	148,502	40,491,537	190,043,282	10,653,708	200,696,990
Group's share of impact on adoption of IFRS 16 in associates	-	-	-	-	-	-	-	(211,029)	(211,029)	-	(211,029)
Balance as at 1 January 2019 (restated)	34,506,371	15,672,351	(527,088)	6,886,779	8,366,955	84,497,875	148,502	40,280,508	189,832,253	10,653,708	200,485,961
Net profit for the year	-	-	-	-	-	-	-	8,242,672	8,242,672	1,169	8,243,841
Total comprehensive income for the year	-	-	-	-	-	84,371,027	616,357	-	84,987,384	-	84,987,384
Cash dividends (Note 14)	-	-	-	-	-	-	-	(4,103,334)	(4,103,334)	-	(4,103,334)
Purchase of treasury shares	-	-	(411,870)	-	-	-	-	-	(411,870)	-	(411,870)
Transferred to statutory reserve	-	-	-	-	849,360	-	-	(849,360)	-	-	-
Group's share from associates' adjustments	-	-	-	-	-	-	-	1,270	1,270	-	1,270
Impact of liquidation of associate	-	-	-	-	-	-	(319,352)	319,352	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	103,654	103,654
Balance as at 31 December 2019	**34,506,371**	**15,672,351**	**(938,958)**	**6,886,779**	**9,216,315**	**168,868,902**	**445,507**	**43,891,108**	**278,548,375**	**10,758,531**	**289,306,906**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

(ALL AMOUNTS ARE IN KUWAITI DINARS)

	NOTE	2019	2018
Cash flows from operating activities			
Net profit for the year		8,243,841	7,395,690
Adjustments:			
Cash dividends on investments at FVTOCI		(10,193,367)	(8,912,824)
Net income from associates and subsidiaries		(6,237,796)	(4,692,167)
Interest income		(637,508)	(432,873)
Finance charges		3,758,810	3,691,520
Depreciation and amortization		24,065	82,271
Impairment in fixed assets		638,956	-
Losses on disposal of fixed assets		647,091	-
End of service indemnity		108,725	84,799
Operating loss before changes in operating assets and liabilities		(3,647,183)	(2,783,584)
Accounts receivables and other assets		(4,697,194)	(1,616,646)
Accounts payable and other credit balances		537,608	828,531
Net cash used in operating activities		(7,806,769)	(3,571,699)
Cash flows from investing activities			
Paid for purchase of investments at fair value through OCI		-	(187,187)
Proceeds on sale of investments at fair value through OCI		9,383,300	1,782,909
Proceeds from liquidation of associate		795,339	-
Dividends received from investments at fair value through OCI		10,193,367	8,912,824
Dividends received from an associate		2,203,979	2,424,372
Paid for acquisition of tangible and intangible assets		(2,003,894)	(1,063,821)
Paid for acquiring additional stake in associate		(618,651)	-
Interest income received	20	(615,344)	-
Cash in the subsidiary as at the date of control		673,478	425,810
Net cash generated from investing activities		20,011,574	12,294,907
Cash flows from financing activities			
Cash dividends paid		(4,063,792)	(4,106,871)
Paid for purchase of treasury shares		(411,870)	(81,128)
Net movement on bank facilities		(7,992,000)	714,500
Finance charges paid		(3,766,298)	(3,629,664)
Change in non-controlling interests		100,654	-
Net cash used in financing activities		(16,133,306)	(7,103,163)
(Decrease)/ increase in cash and cash equivalents		(3,928,501)	1,620,045
Cash and cash equivalents at the beginning of the year		28,109,632	26,489,587
Cash and cash equivalents at the end of the year	5	24,181,131	28,109,632

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

1- BACKGROUND ON THE GROUP

Tamdeen Investment Company - KSCP "the Parent Company" was incorporated in Kuwait as per incorporation memorandum No. 359, Vol. 1 dated 3 March 1997. The Parent Company is registered in the Commercial Register under registry No. 69476 on 30 April 1997 and registered as an investment company at the Central Bank of Kuwait on 20 August 1997. The Parent Company's shares are listed in the Kuwait Stock Exchange. The registered office of the Company is located in South Al Sura – Al Zahra'a area – 360 Mall– 6th ring road– 4th floor, Kuwait, Box No. 22509 Safat – 13066 Kuwait.

These consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as described in note 20, (together referred to as the "Group").

The main objectives of the Group are conducting financial investment transactions in all economic sectors inside and outside Kuwait, performing transactions related to dealing in securities such as purchase and sale of shares and bonds of both companies and government authorities, carrying out investment and portfolio management activities, acting as an intermediary in lending and borrowing transactions, financing international trading transactions, providing researches and studies, establishing and managing various investment funds, in addition to conducting real estate and general trading and contracting activities, conducting all kinds of investment in real estates for the purpose of development except for areas and houses for private residential purposes, whether directly or indirectly, in favour of the company or others.

Tamdeen Real Estate Company K.S.C.P owns 55.94% equities of Parent Company as at 31 December 2019 (55.94% - 2018).

The consolidated financial statements have been authorized for issuance by the Board of Directors on 09 March 2020, The ordinary general assembly for the shareholders of the Parent Company has the authority to amend the consolidated financial statements after issuance.

2- BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on financing facilities computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements are prepared under the historical cost convention modified to include certain financial assets that are measured at fair values.

2-2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2-2-1 New and revised IFRSs that are effective for the current year

IFRS 9: Financial Instruments

The Group has adopted the new and amended standards and interpretations that became effective in the current period. The adoption of these standards and interpretations has no material impact on the financial statements of the Group, except as mentioned below:

IFRS 16 "Leases"

GENERAL IMPACT

IFRS 16 'Leases' replaces the existing guidance on leases, including IAS 17 'Leases", IFRIC 4 'Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019.

IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's financial position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

IMPACT ON ACCOUNTING POLICY:

Until the 2018 financial year, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to income statement on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group unless the term is 12 months or less or the lease for low value asset. Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to income statement over the lease period.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

PRACTICAL EXPEDIENT

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.
- The change in accounting policy affected the following items in the balance sheet on 1 January 2019:
- Right-of-use assets – increase by KD 2,108,215 (recorded in other assets).
- Lease liabilities – increase by KD 2,108,215 (recorded in accounts payables and other credit balances).

Movement on right-of-use assets during the year is as follows:

	2019
Impact of adoption of IFRS 16 (as at 1 January 2019)	2,108,215
Additions	351,729
Amortization	(509,375)
Disposals	(1,793,809)
Balance as at 31 December 2019	156,760

2-2-2 New and revised IFRS in issue but not yet effective and not early adopted

The date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
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.'	
Definition of a Business – Amendments to IFRS 3 Business Combinations	January 1, 2020
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	
The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.	
Amendments to references to the Conceptual Framework in IFRS Standards.	January 1, 2020
Amendments to references to the Conceptual Framework in IFRS Standards related to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments	January 1, 2020
Amendments regarding pre-replacement issues in the context of the IBOR reform	
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

The Group does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

2-3 SIGNIFICANT ACCOUNTING POLICIES

2-3-1 Basis of Consolidation

SUBSIDIARIES

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

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

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Parent Company gains control until the date when Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in 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.

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 (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

Business combinations involving entities under common control are excluded from IFRS 3 (revised)'s scope. Management could use predecessor accounting. Predecessor accounting may lead to differences on consolidation between the consideration given and the aggregate book value of the assets and liabilities (as at the date of the transaction) of the acquired entity. The differences are included in equity in retained earnings or in a separate reserve.

GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2-3-2 Financial Instruments

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular way purchase and sale of financial assets are recognized using trade date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of income or in the consolidated statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is de-recognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where 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 recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognised in the consolidated statement of income.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS

The Group determines classification and measurement category of financial assets based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics except equity instruments and derivatives.

THE BUSINESS MODEL ASSESSMENT:

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

CONTRACTUAL CASH FLOW ASSESSMENT

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and to sell the financial instrument, the Group assesses whether the financial instrument's cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of 'interest' within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and interest margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets are classified into following categories under IFRS 9:

- Amortised Cost (AC)
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

AMORTISED COST (AC)

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets classified at AC are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of income.

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

EQUITY INSTRUMENTS AT FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Equity instruments at FVOCI are subsequently measured at their fair value. Changes in fair values including foreign exchange gains and losses are recognised in OCI. Dividends are recognised in consolidated statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses are reclassified from OCI to retained earnings in the consolidated statement of changes in equity.

FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of income. Interest income and dividends are recognised in the consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

FINANCIAL LIABILITIES

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from Group's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the consolidated statement of income.

IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions. The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

IFRS 9 introduces three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

STAGE 1: 12 MONTHS ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition, or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

STAGE 2: LIFETIME ECL – NOT CREDIT IMPAIRED

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

STAGE 3: LIFETIME ECL – CREDIT IMPAIRED.

A financial asset is considered as credit impaired when there is objective evidence that the amount due under the financial asset is uncollectible. The Group considers a financial asset as credit impaired if the amount due under the financial instrument is overdue by more than 90 days, or if it is known that the counter party has any known difficulties in payment, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Lifetime ECL are recognized as the difference between the financial asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12 month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation.

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component are categorised under stage 2 and lifetime ECL is recognised.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for AC.

2-3-3 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group has significant influence. 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 results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" (Note 4).

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2-3-4 PROPERTY AND EQUIPMENT

Property and equipment except land are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of properties and equipment beyond its originally assessed standard of performance, the expenditure is capitalized.

Depreciation is calculated based on estimated useful life of the applicable assets on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The asset's residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated income statement.

2-3-5 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

The cost incurred by the Group for acquiring leasehold rights in lands are capitalized as intangible assets and amortized on straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

2-3-6 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell or value in use. Impairment losses are recognised in the income statement for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of income.

2-3-7 PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2-3-8 END OF SERVICE INDEMNITY

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment. Regarding the labour in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the balance sheet date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2-3-9 TREASURY SHARES

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

2-3-10 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

- Dividend income is recognized when the Group's right to receive dividends is established.
- Interest income from deposits is recognized on effective interest method.
- Portfolio and fund management fees is recognised over the period of time when the service is provided.

2-3-11 LEASES

POLICY APPLICABLE FROM 1 JANUARY 2019

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short term leases and low-value assets are recognized on a straight-line basis as an expense in statement of income.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

SUBSEQUENT MEASUREMENT

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the statement of income. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

SALE AND LEASEBACK

The Group enters into sale and leaseback transactions whereby it sells certain assets to a third-party and immediately leases them back. Where sale proceeds received are judged to reflect the fair value, any gain or loss arising on disposal is recognised in the statement of income, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease.

Where sale proceeds received are not at the fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor.

Where the Group is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

POLICY APPLICABLE BEFORE 1 JANUARY 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognized in consolidated statement of income as expenses on a straight-line basis over the lease term.

2-3-12 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2-3-13 FOREIGN CURRENCIES

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in 'Kuwaiti Dinars' (KD).

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Outstanding monetary items in foreign currency are translated at the date of financial statements.

Foreign exchange gains and losses are resulted from the settlement of such transactions and from the translation at year-end in the income statement.

2-3-14 DIVIDENDS

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2-3-15 FIDUCIARY ASSETS

Assets which are kept by the Group as an agency or under a fiduciary capacity are not considered as Group's assets.

3- FINANCIAL RISK MANAGEMENT

3-1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

a. MARKET RISK

Foreign currency risk

The Group is exposed to foreign currency risk resulting primarily from dealing in financial instruments with US Dollar. Foreign currency risk is resulting from future transactions on financial instruments in foreign currency recorded in the financial statements of the Group. The Group's policies for managing foreign currency risk is by carefully monitoring the changes in currency rates and its related impact on the financial position of the Group, during the year. Also the Group is dealing with financial institutions with high experience in this field to provide the Group with necessary advises in case of any significant change in foreign currencies' rates.

Had the US Dollar changed against the Kuwaiti Dinar by 5%, the Group's equity would have changed by KD 10,453,394 as at 31 December 2019 (KD 6,569,043 - 2018).

Following is the significant foreign currencies' net positions as at 31 December:

	2019	2018
US Dollar / Surplus	227,104,756	154,508,864

Equity price risk

The equity price risk arises from fluctuation of financial instrument value resulting from change in market prices. The Group is exposed to the price risk as a result of holding investments classified as available for sale investments in the consolidated financial statement.

The Group is managing this risk through monitoring the market prices of these investments if they are listed in an active market, and performing a periodic evaluation of the financial statements of the investees and determining its fair values through financial data available for other investments.

The following sensitivity analysis shows the impact of the change on the indexes of the financial markets on the Group's business, as well as equity. This analysis is based on the change in the index by 5%.

	Impact on equity	
	2019	2018
Index of the Kuwait Stock Exchange	261,071	686,117
Index of the Bahrain Stock Exchange	4,617,333	6,310,077

Interest rate risk

The interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in the market interest rates. The Group's assets are not exposed to this risk as the Group does not hold financial assets bearing fixed interests. The Group's exposure to cash flow interest rate risk arises from loans and bank facilities bearing variable interest rates, which expose the Group to the risk of cash flow fluctuations, resulted from changes in interest rate.

The Group is managing this risk by periodically studying the factors related to interest rates to assess the possibility of an increase or decrease in interest rates for future periods, and the related impacts on the Group's cash flows and profits in addition to take the necessary action in order to meet the possibility of these probability.

As at 31 December 2019, had the interest rates increased by 5% with all other variables held constant, the net profit would have decreased by KD 156,065 (KD 162,932 - 2018).

b. CREDIT RISK

Credit risk is the risk that the Group will incur a loss because the counterparties of financial instruments failed to discharge their contractual obligations.

Credit risk is highly concentrated in cash and cash equivalents and receivables. The Group keeps its cash and cash equivalents in financial institutions with high credit reputation.

The Group does not approve credit unless within the limits of requirements and normal course of business taking into consideration the financial position of clients and the previous history of transaction and reputation.

c. LIQUIDITY RISK

The liquidity risk is the risk that the Group becomes unable to settle its liabilities when due.

The Group monitors liquidity risk by maintaining group of highly liquid financial investments. This facilitates to the Group, the availability of liquidity when needed. In addition, the Group studies the extent of liquidity in these investments on a regular basis and adjusts the components of these assets when this is necessary.

All outstanding liabilities, bank facilities and related finance charges will mature within one year from the date of consolidated financial statements. Based on the bank facilities contracts, all facilities are renewable on periodic basis.

3-2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances) and equity of the Group comprising issued capital, reserves, retained earnings.

The gearing ratio as at 31 December:

	2019	2018
Total Borrowings	82,430,000	90,422,000
Less: cash and cash equivalents	(24,181,131)	(28,109,632)
Net debt	58,248,869	62,312,368
Total equity	289,306,906	200,696,990
Total capital	347,555,775	263,009,358
Gearing ratio (%)	17	24

3-3 FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Level one: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level two: inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level three: unobservable inputs for the asset or liability.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The table below gives information about how the fair values of the financial assets are determined.

Financial assets	Fair value as at 31/12/2019	Fair value as at 31/12/2018	Fair value hierarchy	Valuation technique(s) and key input (s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investments at fair value through statement of other comprehensive income						
Quoted Shares	219,790,311	144,412,699	1	Last bid price	-	-
Unquoted shares	4,646,648	5,036,533	3	Market comparative and adjusted book value	Discount rates and Book value adjusted with market risk	The higher discount rate and market risk the lower the fair value

Reconciliation of Level 3 fair value measurements

	Unquoted investments 2019	Unquoted investments 2018
Balance as at 1 January	5,036,533	2,314,014
Transfers into level 3	-	2,793,328
Additions during the year	650	-
Change in fair value during the year	(390,535)	(70,809)
Balance as at 31 December	4,646,648	5,036,533

The fair values of other financial assets and financial liabilities which are not measured at fair value on an ongoing basis equal approximately their carrying values.

4- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, the management is required to make judgments and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the revision and future periods if the revision affects future periods.

JUDGEMENTS:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the assets recognised in the consolidated financial statements.

Classification of investments in equity instruments - IFRS 9

On acquisition of an investment, the Group decides whether it should be classified as "FVTPL" or "FVTOCI". The Group follows the guidance of IFRS 9 on classifying its investments.

The Group has designated all investments in equity instruments as at FVTOCI as these investments are strategic investments and are not held for trading.

SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation techniques

Certain assets and liabilities of the Group are measured at fair value for the purposes of preparing the financial statements. The Group's management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate, in case no observable market data is available the Group uses an external valuer qualified to do the valuation. Information regarding the required valuation techniques and inputs used to determine the fair value of financial assets and liabilities is disclosed in note (3.3).

Impairment of associates

Impairment testing of the associate is carried out when there is an indication of such impairment. Impairment is assessed for the entire carrying value of the Group's investment in the associate including goodwill, therefore no impairment study for goodwill is required independently.

The recovery value of the investment in associates had been determined, based on value in use calculations, using cash flow projections based on financial budgets as follows:

Kuwait National Cinema Co. – KSCP

	2019	2018
Financial budgets cover period (years)	2023 - 2020	2022 - 2019
Discount rate (weighted average cost of capital)	10%	10%
Terminal growth rate	2.75%	2.75%

British Industries for Printing and Packaging KSCC

Financial budgets cover period (years)	2023 - 2020	-
Discount rate (weighted average cost of capital)	5.72%	-

The discount rate reflects the current market assessment of risks specific to associates.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). At initial adoption of IFRS 16 "Leases", the Management has applied judgments and estimates to determine the incremental borrowing rate.

5- CASH AND CASH EQUIVALENTS

	2019	2018
Time deposits (less than 3 months)	19,443,281	4,796,648
Current accounts at banks	4,729,377	21,687,357
Cash in portfolios	1,868	4,882
Cash on hand	6,605	700
	24,181,131	26,489,587

The effective interest rate on time deposits is 3.21% as at 31 December 2019 (2.2% - 2018).

6- ACCOUNTS RECEIVABLES AND OTHER ASSETS

	2019	2018
Advance to acquire assets	922,832	830,000
Due from related parties (Note 19)	621,308	600,123
Prepayments	386,548	506,719
Refundable deposits	268,751	241,761
Advances for suppliers	194,435	913,238
Other assets	284,781	13,206
Other debit balances	111,725	-
Due from customers' portfolios	32,653	20,847
Accrued income	9,578	45,548
Paid for incorporation of components	-	500,000
	2,832,611	3,671,442

Accounts receivables do not include impaired balances as at 31 December 2019 and 2018.

7- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
Investment in foreign securities – Quoted	209,067,886	130,690,354
Investment in local securities – Quoted	10,722,425	13,722,345
Investment in local securities – Unquoted	3,342,967	3,447,947
Investment in foreign securities – Unquoted	1,303,681	1,588,586
	224,436,959	149,449,232

The fair value of investments was determined based on basis mentioned in (Note 3.3) in the consolidated financial statements.

Investments in equity instruments which are not held for trading has been classified as at FVTOCI, for which the Group has made an irrevocable election at initial recognition to recognise its changes in fair value through OCI rather than statement of income as these are strategic investments and the Group considered this to be more relevant.

During the year, the Group disposed part of investments classified at fair value through other comprehensive income. The fair value of the disposed shares as at the date of de-recognition is KD 9,383,300 and the related cumulative gain of KD 7,059,089 carried in fair value reserve. (The cumulative gain carried in fair value reserve amounted to KD 8,164,303 as 31 December 2019, KD 1,105,214 as of 31 December 2018).

Certain investments are pledged against bank facilities (Note 10).

Following is the analysis of investments by currencies as at 31 December:

	2019	2018
US Dollar	209,067,886	130,690,354
Kuwaiti Dinar	14,065,392	17,170,292
Other currencies	1,303,681	1,588,586
	224,436,959	149,449,232

8- INVESTMENTS IN ASSOCIATES

Company name	Country of incorporation	Main Activity	2019		2018	
			%	Carrying Value	%	Carrying Value
Kuwait National Cinema Co. KSCP	Kuwait	Entertainment	48.29	61,555,089	47.53	58,756,891
Tamdeen Pearl Real Estate Co. KSCC	Kuwait	Real estate	30.74	27,564,179	30.74	27,562,985
Manshar Real Estate Co. KSCC	Kuwait	Real estate	50	19,989,605	50	17,165,277
Tamdeen Real Estate Development KSCC	Kuwait	Real estate	48	5,907,168	-	-
Others				6,092,693		7,504,821
				121,108,734		110,989,974

All investments are accounted for using equity method in these consolidated financial statements.

The Group's share in associates' results is based on the audited financial statements amounted to KD 6,796,636 for the year ended 31 December 2019 (KD 4,792,167 - 2018).

Investment securities in Kuwait National Cinema Company (KSCP) is partially pledged against bank facilities as at 31 December 2019 (Note 10).

The associates are not listed in active markets except for Kuwait National Cinema Company KSCP for which the fair value of the Group's investment amounted at KD 46,919,899 as at 31 December 2019 (KD 47,120,980 – 2018). Management believes that the carrying amount of investment in Kuwait National Cinema is not impaired based on assessment of its recoverable value estimated using the value in-use method (Note 4).

The Group recorded impairment losses for its investment in British Industries for Printing and packing with an amount of KD 563,733 in the consolidated statements of income for the year ended 31 December 2019. The Group assesses its recoverable value estimated using the value in-use method (Note 4).

During the year, the liquidation process of Ajmal Holding Company BSCC was finalized, the Group received cash of KD 795,339 from the liquidation which resulted a loss of KD 150,034 recorded in the consolidated statement of income, and associated reserve of KD 319,352 transferred to retained earnings.

During the year, the Group acquired additional stake of 0.76% in Kuwait National Cinema Company (K.S.C.P), which resulted bargain purchase gain of KD 79,545.

Following is a summary of the financial information of the material associates based on the latest available financial statements which have been prepared in accordance with IFRS:

Kuwait National Cinema Co. – KSCP

	2019	2018
Current assets	30,585,304	37,209,404
Non-current assets	102,184,467	90,045,435
Current liabilities	25,920,750	35,371,303
Non-current liabilities	12,476,172	1,893,452
Non-controlling interest	39,735	36,124

	2019	2018
Revenues	19,553,127	16,666,657
Profit for the year	8,572,305	8,340,685
Other comprehensive income for the year	(2,735,280)	(2,582,556)
Total comprehensive income for the year	5,837,025	5,758,129
Cash dividends collected from associate during the year	2,203,975	2,424,372

	2019	2018
Net assets of the associate	94,333,114	89,953,960
Ownership interest %	48.29	47.53
Ownership interest	45,553,461	42,752,643
Goodwill	16,001,628	16,004,248
Carrying value	61,555,089	58,756,891

Tamdeen Pearl Real Estate Co. – KSCC

	2019	2018
Total assets	121,377,415	106,818,910
Total liabilities	31,507,469	16,952,733
Non-controlling interest	201,180	201,294

	2019	2018
Revenues	51,200	43,569
Total comprehensive income for the year	3,883	8,562

	2019	2018
Net assets of the associate	89,668,766	89,664,883
Ownership (%)	30.74	30.74
Carrying value	27,564,179	27,562,985

Manshar Real Estate Co. - KSCC

	2019	2018
Current assets	8,614,197	7,998,965
Non-current assets	159,287,344	155,307,789
Current liabilities	30,214,431	42,756,325
Non-current liabilities	97,707,900	86,219,875

	2019	2018
Revenues	12,525,143	6,944,002
Total comprehensive income for the year	5,639,465	2,390,065

	2019	2018
Net assets of the associate	39,979,210	34,330,554
Ownership (%)	50	50
Carrying value	19,989,605	17,165,277

Tamdeen Pearl Real Estate Co. – KSCC

	2019	2018
Total assets	23,862,240	-
Total liabilities	11,555,640	-

	2019	2018
Revenues	92,430	-
Total comprehensive income/ (loss) for the year	33,229	-

	2019	2018
Net assets of the associate	12,306,600	-
Ownership (%)	%48	-
Carrying value	5,907,168	-

Aggregate information of associates that are not individually material

	2019	2018
The Group's share of loss from continuing operations	(46,118)	(338,325)
The Group's share of other comprehensive (loss)/ income for the year	(8,357)	2,670
The Group's share of total comprehensive loss for the year	(54,475)	(335,655)
Aggregate carrying amount of the Group's interest in these associate	6,092,693	7,504,821

9- ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	2019	2018
Payables	1,973,410	513,733
Accrued expenses	969,379	860,714
Lease Liability	158,609	-
National Labour Support Tax	167,130	150,255
Zakat	37,302	47,241
Due to related parties (Note 19)	302,566	42,914
Others	874,597	448,971
	4,482,993	2,063,828

Lease liability maturity analysis are as follows:

	2019	2018
Current lease liability due within 12 months	21,836	-
Non-current lease liabilities due after 12 months	136,773	-
	158,609	-

10- BANK FACILITIES

	2019	2018
Term loans	82,430,000	90,422,000
Effective interest rate on borrowings (%)	4.16	4.05

The following assets are pledged against bank facilities as at 31 December:

	2019	2018
Financial assets at fair value through OCI (Note 7)	175,187,963	93,547,343
Investment in an associate (Note 8)	35,033,005	34,124,175
	210,220,968	127,671,518

All bank facilities are maturing within one year from the date of the consolidated financial statements and are renewed periodically.

11- SHARE CAPITAL

The authorized, issued and fully paid capital of the Parent Company is KD 34,506,371 comprising of 345,063,710 shares of 100 fils share and fully paid in cash

12- TREASURY SHARES

	2019	2018
Number of shares (share)	3,225,957	1,816,561
Percentage to issued shares (%)	0.94	0.53
Market value	1,080,696	508,637

The Parent Company is required to retain reserves and retained earnings equivalent to the cost of treasury shares throughout the period, in which they are held by the Parent Company, in accordance with the instructions of the relevant regulatory authorities.

13- STATUTORY RESERVE

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the net profit for the year has been be transferred to statutory reserve. The General Assembly may resolve to discontinue such annual transfer when the reserve balance exceeds 50% of the share capital. This reserve is used to secure appropriation of profit to shareholders, up to 5% in such years when the profit of the Company does not allow such percentage of appropriation. When the balance of the reserve exceeds 50% of the share capital, the General Assembly, is permitted to utilized amounts in excess of 50% of the share capital in aspects seen appropriate for the benefit of the Company and its shareholders.

14- DIVIDENDS

On 09 March 2020, the Parent Company's Board of Directors proposed distributing cash dividends of 12 fils per share for the year ended 31 December 2019 (12 fils per share – 2018), also proposed remuneration for the Parent Company's Board of Directors of KD 50,000 for the year then ended (KD 50,000 – 2018). These proposals are subject to shareholders' approval.

On 30 April 2019, the General Assembly of shareholders of the Parent Company approved the consolidated financial statements for the year ended 31 December 2018 and approved Board of Directors' proposal of distributing cash dividends of 12 fils per share for the year ended 31 December 2018, and Board of Directors' remuneration of KD 50,000 for the same year.

15- NET INCOME FROM ASSOCIATES AND SUBSIDIARIES

	2019	2018
Group's share from results of associates (Note 8)	6,796,636	4,792,167
Gains from loss of control over subsidiary (Note 20)	75,382	-
Bargain purchase gain from acquisition of associate (Note 8)	79,545	-
Impairment losses from investments in associates (Note 8)	(563,733)	(100,000)
Losses from liquidation of associate (Note 8)	(150,034)	-
	6,237,796	4,692,167

16- OTHER INCOME

	2019	2018
Interest income	637,508	432,874
Management fees	65,549	66,761
Others	102,703	62,050
	805,760	561,685

17- OTHER EXPENSES

	2019	2018
Consultancy and professional expenses	1,008,819	614,060
Impairment on fixed assets	638,956	-
Losses on disposal of fixed assets	647,091	-
Subscription and banks expenses	209,112	259,056
Donations	130,550	67,700
Depreciation and amortization	24,065	82,271
Others	704,397	1,216,665
	3,362,990	2,239,752

18- EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS

Earnings per share for the shareholders of the Parent Company are calculated based on net profit attributable to shareholders of the Parent Company divided by the weighted average number of common shares outstanding during the year (excluding treasury shares). The following is the computation of earnings per share:

	2019	2018
Net profit for the year attributable to the Parent Company's shareholders	8,242,672	7,394,140
Weighted average number of outstanding shares	342,308,029	343,424,630
Earnings per share (fils)	24.08	21.53

19- RELATED PARTY TRANSACTIONS

Related party are the shareholders of the Parent Company who are represented in Board of Directors as well as major shareholders and the companies in which any of its members is in the same time a board member in the Parent Company's Board of Directors and associated companies. In the ordinary course of business, the Group has carried some transactions during the year with related parties. The transactions which are included in the consolidated financial statements as follows:

	2019	2018
Transactions		
Management fees	43,374	56,409
Salaries and key management compensation	232,451	218,169
Balances		
Accounts receivable and other assets (Note 6)	621,308	600,123
Accounts payable and other credit balances (Note 9)	302,566	42,914
Off balance sheet items		
Net assets of clients' portfolios (major shareholders)	116,665,061	127,375,675

20- SUBSIDIARIES

COMPANY NAME:	LEGAL ENTITY	ACTIVITY	OWNERSHIP (%)	
			2019	2018
Al Madina Al Thaniya General Trading and Contracting Company and its subsidiary	W.L.L.	General Trading and Contracting	100	100
Wafra Holding Company and its subsidiary	K.S.C. (Holding)	Holding	100	100
Tamdeen first for Real Estate Trading Company	W.L.L.	Real Estate	100	100
Tamdeen Imtiazat Holding Company	K.S.C. (Holding)	Holding	100	100
Tamdeen Foods Company	K.S.C. (Closed)	Catering	100	100
Tamdeen Resorts Company	W.L.L.	Real Estate	61.72	61.72
Tamdeen Real Estate Development Company	K.S.C. (Closed)	Real Estate	-	99.99
Tamdeen Media Company	K.S.C. Closed	Media	100	100
Kuwait Karting Entertainment Company	K.S.C. Closed	Karting	100	100
Tamdeen International Restaurants Company	K.S.C. Closed	Catering	100	100
Spirit events Company	K.S.C. Closed	Entertainment	100	-

As at 31 December 2019, total assets of the subsidiaries amounted to KD 207,377,808 (KD 162,149,824 – 2018), and their profits amounted to KD 3,207,816 for the year ended 31 December 2019 (KD 10,999,499 - 2018) based on the audited financial statements which were relied on when consolidating the subsidiaries as at 31 December 2019.

During the year Al Madina Al Thaniya General Trading and Contracting Company finalize the procedures of incorporation of its subsidiary Blue Sky for Entertainment Company. The Group stake is 59.75% from subsidiary's share capital.

20- SUBSIDIARIES (CONTINUED)

Summary of the financial statements of the Group's subsidiaries with significant non-controlling interests is as follows:

Tamdeen Resorts Company	2019	2018
Current assets	204,975	211,999
Non-current assets	27,632,079	27,613,991
Current liabilities	1,202	611
Non-current liability	1,143	993
Equity attributable to shareholders of the Parent Company	17,179,582	17,173,211
Non-controlling interests	10,655,127	10,651,175

	2019	2018
Revenues	6,782	(487)
Expenses	(2,729)	(2,729)
Profit for the year	3,054	(3,216)
Profit for the year attributable to shareholders of the Parent Company	1,885	(1,985)
Profit for the year attributable to non-controlling interests	1,169	(1,231)
Total comprehensive income attributable to shareholders of the Parent Company	1,885	(1,985)
Total comprehensive income attributable to non-controlling interests	1,169	(1,231)
Total comprehensive income for the year	3,054	(3,216)
Net cash flow used in operating activities	(3,098)	(3,544)
Net cash flow used in investing activities	(3,926)	(4,226)
Net cash flows generated from financing activities	-	-
Net change in cash and cash equivalents of the subsidiary	(7,024)	(7,770)

During the current year, Tamdeen Real Estate Development Company increase its share capital. The Group and new shareholders subscribed in the capital increase which resulted a dilution in the Group's ownership from 99.99% to 48%, as a result the Group lost its control on Tamdeen Real Estate Development Company. Accordingly, the Company has been re-classified from a subsidiary to an associate, which resulted gain of KD 75,382 as follows:

	Tamdeen Real Estate Development Company
Cash and cash equivalents	615,344
Financial assets at fair value through OCI	3,000
Advances for purchasing investment properties	5,500,000
Receivables and other debit balances	55
Payables and other credit balances	(258,720)
Employees' end of service indemnity	(4,653)
Net assets' value	5,855,026
Less: non-controlling interests	(486)
Group's share in net assets of the subsidiaries	5,854,540
Transferred to investment in associate	5,929,922
Gain on loss of control over subsidiary	75,382
Cash resulted from loss of control over subsidiary	(615,344)

The net fair value of associate's identifiable assets and liabilities was equivalent approximately to their carrying values, as of the control lost date.

21- SEGMENT INFORMATION

The management has determined segments based on the reports reviewed by the executive management of the Group.

The main activity of the Group is investment and asset management. The executive management has taken into consideration dividing the activities geographically as follows:

	2019			
	Kuwait	G.C.C.	Europe	Total
Segment revenues	7,052,615	9,559,031	632,110	17,243,756
Segment expenses	(8,748,990)	-	-	(8,748,990)
Unallocated expenses	-	-	-	(250,925)
Assets	152,793,992	210,371,568	13,416,729	376,582,289
Liabilities	87,275,383	-	-	87,275,383

	2018			
	Kuwait	G.C.C.	Europe	Total
Segment revenue	5,742,396	8,217,571	432,873	14,392,840
Segment expenses	(6,749,654)	-	-	(6,749,654)
Unallocated expenses	-	-	-	(247,496)
Assets	147,395,111	132,942,884	13,103,142	293,441,137
Liabilities	92,744,147	-	-	92,744,147

22- OFF BALANCE SHEET ITEMS

The Group manages clients' investments portfolios amounting to KD 138,771,172 as at 31 December 2019 (KD 189,874,010 – 2018).