ANNUAL REPORT 2020

تمدين
TAMDEEN
INVESTMENT

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

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

H.H. Sheikh
Nawaf 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

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

ESTEEMED SHAREHOLDERS,

Following Salutations,

IT GIVES ME A GREAT PLEASURE, ON BEHALF OF MY COLLEAGUES ON THE BOARD OF DIRECTORS AND ALL THE STAFF AT TAMDEEN INVESTMENT COMPANY, TO REVIEW WITH YOU THE COMPANY'S ANNUAL REPORT FOR THE FISCAL YEAR ENDING 31ST DECEMBER 2020.

ESTEEMED BROTHERS,

2020 was an exceptional year that witnessed many events at the global, regional and local levels. One of the most prominent and influential events at all levels was the outbreak of the novel Corona virus and its classification by the World Health Organization as a global pandemic, forcing the closure of most economic activities across many countries and the imposition of multiple restrictions on allowable activities, to the extent that some nations closed their borders for long periods of time in an attempt to contain the outbreak spread of the disease. This led to a major recession in the economies of many countries, which considered the largest in recent decades, affecting many sectors that have suffered from closures for long periods of time. Further, oil prices witnessed an unprecedented decline as a result of the lack of demand.

This crisis had a negative impact on the State of Kuwait on economic, political and social aspects. The government undertook strict measures, starting with the closure of some activities considering partial lockdown, isolation of some areas then followed by a full lockdown to contain the increase of infected cases and closure of borders for long periods, that ended with the imposition of restrictions and constraints related to the return to normal life in phases, which continued to be applied till end of year.

In terms of the local market, considering the performance of the Kuwait Stock Exchange during 2020; after four consecutive years of positive performance, standing out as one of the best performing markets in GCC and across the world in 2019; Kuwait recorded the highest rate of decline in the region in 2020, as investor spirit was severely affected by the decline in corporate profitability as a consequence of the restrictions imposed to contain the pandemic. Additionally, the subdued enthusiasm related to the postponement of the market upgrade to join the Morgan Stanley Emerging Market Index, the step that was taken due to certain operational challenges caused by the lockdown measures. The highest percentage of decline in the main indices of the Kuwait Stock Exchange was the share of the Premier Market, which decreased by 13.3% after the decline of 13 out of 20 shares of major companies among the components of the index this year.

ESTEEMED BROTHERS,

From the beginning of the pandemic, Tamdeen Investment Company hastened several precautionary steps to limit the negative effects of the Corona virus pandemic ,procedures were taken to maintain high rates of cash liquidity to meet any contingent requirements, reduction of unnecessary expenditures, continuous management and monitoring of the company's cash flows, in addition to strengthening the financial position of the company by taking additional provisions on some investments with a value of KD 4.6 Million.

In regards to the performance of associate companies, The Kuwait National Cinema Company was significantly affected by the suspension of activity as a result of the decisions of the Council of Ministers and the Health Authorities in the State of Kuwait to close all cinemas from March 2020 until further notice, leading to operational losses as a result of the suspension of activity. However, this suspension did not stop the Cinema from continuing its expansion and development plans to consolidate its position as a pioneer and proactive in the local and regional market; exceeding its visitor's expectations by providing the latest cinematic display technologies, enhancing the gratification of a stirring cinematic event; placing the final touches to launch the Dolby Cinema experience at Cinescape Avenues, after the resounding success of the experience at Cinescape 360.

For Manshar Real Estate Company (associate company), and in realization of the "Tamdeen Group" vision for the support of Kuwait's economy and business sector, the Manshar Real Estate Company granted relief to the tenants of "Al Kout Mall" from full payment of the rental dues during the closure period, and a rent reduction by 40% starting from the reopening date until 31 December 2020. The company continued moving forward with the development of "Al Kout" Project to become the favored destination to visitors in the southern and surrounding areas who are looking for entertainment or business, the company continue the renovation works of guest rooms in Hyatt Regency Hotel Al Kout Mall to become a modern innovative design, as well as inaugurating of "Wahaj" restaurant during the last quarter of 2020 which is considered as a value addition and an original concept of authentic oriental food.

As for the performance of subsidiaries Companies during 2020, Tamdeen Sporting Company (subsidiary company) finalized the preparations for the Rafa Nadal Tennis Academy; which was opened in February 2020 and hosted an exhibition match between international tennis players Rafael Nadal and another tennis star; where the registration in the academy witnessed a great turnout, but it was also affected again, with the government instructions to shutdown sports activities as a precaution procedures to contain the spread of the pandemic.

As for investment in the entertainment sector, Kuwait Karting Company (subsidiary company) completed the circuit construction project of the largest indoor and multi-storey karting car racing in the Middle East to be known as "Q8-Karting" at "Al Kout Mall" with a total area of 5,380 sq. meters with its facilities, being completely ready to start its operation immediately after medical authorities allow reopening of entertainment activities in the country.

As for the dining facilities sector, the Tamdeen International Restaurants Company (subsidiary company), completed the first of its kind in Kuwait "Threesixty Foodhall" project, that providing a unique experience to the visitors of the Sheikh Jaber Al Abdullah Al Jaber Al Sabah International Tennis Complex, since all areas have been leased to a number of restaurants and retail shops, and currently preparations are underway for the expected opening during the first quarter of 2021.

For investment in Art sector, while considering all challenges, through Spirit Art Company (subsidiary company), the company has completed all the construction activities related to the "Arena," which is ready to start its operations after the medical authorities allow the activities of events and celebrations while considering related medical instructions.

ESTEEMED BROTHERS,

During 2020, Tamdeen Investment Company achieved a great returns from its investments in Ahli United Bank and Boubyan Petrochemicals Company worth KD 10.5 million that showed the strength and stability of those investments.

As for the combined financial results for the company, the company achieved a net loss of KD 6.9 million, a loss of 20.34 fils per share; compared to KD 8.2 million profit, 24.08 fils per share, for the year 2019. Total assets for the company are KD 315.8 million compared to KD 376.6 million for the year 2019. Total liabilities for the company are KD 86.8 million compared to KD 87.3 million for 2019. Shareholder equity is KD 218.3 million compared to KD 278.5 million in 2019.

In the preparation of the company's financial statements the company has ensure to follow the international standards for financial reporting and all regulations and laws imposed by the regulatory authorities in order to ensure their integrity.

As such, and throughout the year 2021, the Board of Directors will strive to persist with the implementation of the plans and policies that have been developed very carefully to avert the negative impacts of the spread of the corona virus pandemic, as well as to continue to implement Tamdeen Group's conservative and well-planned investment policies to ensure the preservation and development of the company's assets.

As a consequence of 2020, and in pursuit of the conservative policies laid out by the Board of Directors of Tamdeen Investment Company, the board recommends to the general assembly to suspend distribution of profits to the shareholders for the fiscal year ending 31 December 2020, as well as the suspension of the board of directors remunerations for the year 2020.

ESTEEMED BROTHERS,

I would like to take the opportunity, for myself and on behalf of the Board of Directors, to express our deepest thanks and appreciation to His Highness the Amir, Sheikh Nawaf Al Ahmad Al Jaber Al Sabah, His Highness the Crown Prince, Sheikh Mishal Al Ahmad Al Jaber Al Sabah and His Highness the Prime Minister, Sheikh Sabah Al Khaled Al Hamad Al Sabah. We would also like to thank our esteemed shareholders for the trust and support they have always extended to us.

I express my thanks and appreciation to my colleagues on the Board of Directors of the Company, and all the company staff for their fruitful efforts to realize the anticipated results for the year 2020.

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 Abdelmoeti Soliman
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 other 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 in corporate governance.

Tamdeen Investment Company believes in the most important governance principle that management's freedom should be exercised within appropriate controls, these controls prevent 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.

RULE ONE: CONSTRUCT A BALANCED BOARD COMPOSITION

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 / 20 years	June 2019
Ahmed Dakhil Al Osaimi	Deputy Chairman of the Board of Directors	Bachelor of Business Administration and Finance / 15 years	June 2019
Talal Yousef Al Marzouq	Member of the Board of Directors	Political Science and History / 25 years	June 2019
Abdulaziz Abdullah Al Ghanim	Independent Member of the Board of Directors	Bachelor of Commerce - Accounting / 19 years	June 2019
Salah Abdulaziz Al Bahar	Member of the Board of Directors	University - Organizational Assistant and Personnel / 26 years	June 2019
Azzam Hamzah Al Homaidi	Secretary of the Board of Directors	General Secondary / 16 years	June 2019

BOARD OF DIRECTORS MEETINGS DURING 2020

Name of Member	Meeting No. 1\2020 9 Mar. 2020	Meeting No. 2\2020 12 Mar. 2020	Meeting No. 3\2020 11 Aug. 2020	Meeting No. 4\2020 1 Sep. 2020	Meeting No. 5\2020 11 Nov. 2020	Meeting No. 6\2020 8 Dec. 2020	Number of Meetings
Nawaf Ahmad Al Marzouq Chairman	✓	✓	✓	✓	✓	✓	6
Ahmed Dakhil Al Osaimi Deputy Chairman	✓	✓	✓	✓	✓	✓	6
Talal Yousef Al Marzouq Member	✓	✓	✓	✓	✓	✓	6
Salah Abdulaziz Al Bahar Member	✓	✓	✓	✓	✓	✓	6
Abdulaziz Abdullah Al Ghanim Independent Member	✓	✓	✓	✓	✓	✓	6
Azzam Hamzah Al Homaidi Secretary of the Board of Directors	✓	✓	✓	✓	✓	✓	6

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 and its supporting documents related to the meeting before the time of the meeting in order to give the members a sufficient time to study the agenda's items. 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.

RULE TWO: RESPONSIBILITIES OF THE BOARD OF DIRECTORS

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The company's board of directors performs its basic duties 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 applicable 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 to the applicable policies, laws of disclosure and transparency.
- 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 review 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 term, authorities 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 segregation of duties and authorities 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 duties 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.
- Designing an integrated accounting system for book keeping, registers and accounts that reflect in a detailed and accurate manner the financial statements and revenues in a way that enable maintaining 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.
- Develop an internal control system and risk management system, ensure the effectiveness and adequacy of those systems while complying with the risk appetite that approved by the Board of Directors.

ACHIEVEMENTS OF THE BOARD OF DIRECTORS

- Approval of the Company's objectives and strategies.
- Reviewing and approving the policies and procedures related to all the departments of the company.
- Reviewing and approving the Company's quarterly and annual financial statements.
- Applying the requirements of the Capital Markets Authority concerning corporate governance, which requires the following:
  - Follow-up of Board of Directors Committees and determining their duties and authorities.
  - Follow-up of Internal Audit unit within the organization structure that reports to the Internal Audit Committee and approving the mechanism of its operation.
  - Follow-up of a Risk Management unit that reports to the Risk Management Committee and approving the mechanism of its operation.
  - Approving the policies and regulations related to corporate governance requirements and follow-up its implementation process.

BOARD OF DIRECTORS COMMITTEES

The Board of Directors of Tamdeen Investment Company owns a management model that enables it to perform its duties. The Board of Directors established the following specialized committees which provide support and recommendations to support the Board of Directors in performing its duties. The Board of Directors has established those committees and approved their operating charters and authorities.

NOMINATIONS AND REMUNERATION COMMITTEE

The committee was established to assist the Board of Directors of the company in performing its supervisory responsibilities related to the effectiveness and integrity In compliance with the company's remuneration and nomination policies and procedures. The Committee's objective is to prepare recommendation related to the selection of the members of the Board of Directors and Executive Management. Also, to provide special recommendation regarding remuneration and nomination policies and charters to grant remunerations and compensation.

The Committee has reviewed the performance evaluation and prepared the key performance indicators (KPI) of the members of the Board of Directors and Executive Management that approved by the Board of Directors, which was prepared based on the concept of comprehensive self-evaluation by the members, were the overall performance is measured on a neutral and objective manner, helping to avoid mistakes and to correct the imbalance that avoids the proper implementation of corporate governance.

FORMATION

The Nominations and Remuneration Committee was re-formed in June 2019, the period of the committee is coinciding with the period 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 2020

Meeting Date	Minutes No.	Number of Attendees
27 / 01 / 2020	(01 / 2020)	3

THE AUDIT COMMITTEE

The Audit Committee that reports to the Board of Directors 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 applicable internal controls in the company and laying the culture of compliance within the company.

The Committee has approved the internal audit plan during the year and reviewed the results of the internal audit reports. It has verified that proper corrective actions were taken concerning the observations reported in the report.

The Committee has also reviewed the interim quarterly and yearly audited financial statements and recommendations were submitted to the Board of Directors to approve them.

The Committee has recommended to 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-formed in June 2019, the period of the committee is coinciding with the period 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 2020

Meeting Date	Minutes No.	Number of Attendees
5 March 2020	(1/2020)	3
14 May 2020	(2/2020)	3
6 August 2020	(3/2020)	3
8 November 2020	(4/2020)	3
		3

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 the current and new risk issues associated with the activities of the company. The objective of the Committee is to develop risk management strategies, policies and procedures in line with the company's risk appetite. The committee has recommended to the Board of Directors to appoint an office to provide risk management services and the appointment was approved. In light of that, the Committee reviewed the business strategy and prepared a risk management policy which was presented and approved by the Board of Directors.

FORMATION

The Risk Management Committee was re-formed in June 2019, the period of the committee is coinciding with the period 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 2020

Meeting Date	Minutes No.	Number of Attendees
9 February 2020	(1/2020)	3
24 February 2020	(2/2020)	3
18 March 2020	(3/2020)	3
16 August 2020	(4/2020)	3
23 September 2020	(5/2020)	3
15 November 2020	(6/2020)	3

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

Tamdeen Investment Company provides mechanisms and tools 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, making reports and subjects to be discussed at the meetings available in advance in a sufficient time which is three days before the meeting in order to be reviewed, discussed and allow them taking well-informed decisions.

RULE THREE: RECRUIT HIGHLY QUALIFIED CANDIDATES FOR MEMBERS OF A BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The nomination mechanism for membership of the Board of Directors and the Executive Management ensures the continuation of attracting and selecting competencies to join the Board and Executive Management, the mechanism for granting remuneration for the company has been approved by the Board of Directors, in order to preserve competencies, attract new competencies and to help In achieving the objectives and company progression.

The Board has re-formed the Remuneration and Nomination committee to include three non-executive members from the Board members, one of the members is independent and the period of the committee is coinciding with the period of the Board of Directors. The work process, the authorities and responsibilities of the committee were also stated in the charter that approved by the Board, and the company's articles of association stipulated a clear policy for granting remuneration to the chairman and members of the board of directors.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

The remunerations and incentives system followed by the company, especially with regard to the members of the Board of Directors, has the highest standards of transparency, as stipulated in the rules of healthy governance, as below:

- The remuneration system for the board of directors is limited by what is stipulated in Article 198 of the Companies Law No. 1 of 2016 that the total remuneration of the Board of Directors members may not be estimated to more than 10% of the net profit after deducting depreciation, reserves and distributing dividends not less than 5% of the capital on Shareholders or any higher percentage stipulated in the company's contract.
- Board members 'remuneration must be approved by the General Assembly, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors.
- The independent member of the board of directors may be exempted from the aforementioned maximum remunerations, based on the approval of the ordinary general assembly.

REMUNERATION AND INCENTIVES FOR THE EXECUTIVE MANAGEMENT

The remuneration system for the executive management is connected with the key performance indicators (KPI) of the executive management and the results achieved by the company that includes the following:

FIXED REMUNERATION

- The level of responsibilities assigned to the employee, his career path, his experiences and competencies are taken into consideration.
- Fixed remunerations, including amounts, allowances, benefits and incentives, are determined according to the position grading schedule approved by the Board of Directors.

PERFORMANCE-RELATED REMUNERATIONS

- Remunerations connected to performance are linked to achieving predetermined goals for both the executive management and the company
- Remunerations related to performance are set to motivate the executive management to double the effort and achieve the required goals.
- Remunerations related to performance are reviewed and determined on a continuous basis.

REMUNERATION REPORT

Position	Remunerations, salaries, incentives and other financial benefits (Through parent company and subsidiaries)	Total remunerations, salaries, incentives and other financial benefits (Kuwaiti Dinar)
	Board of Directors	
Chairman of the Board of Directors	Variable remunerations (annual remunerations, committees' remunerations), fixed benefits (health insurance	______
Deputy Chairman of the Board of Directors	Variable remunerations (annual remunerations, committees' remunerations), fixed benefits (health insurance	______
Members of Board of Directors	Variable remunerations (annual remunerations, committees' remunerations), fixed benefits (health insurance	______
Members of Board of Directors	Variable remunerations (annual remunerations, committees' remunerations), fixed benefits (health insurance	______
Members of Board of Directors	Variable remunerations (annual remunerations, committees' remunerations), fixed benefits (health insurance	______
	Members of the Executive Management	
Chief Executive Officer	Remuneration and fixed benefits (salary, health insurance), variable remuneration (annual remuneration)	97,200
Administration Manager	Remuneration and fixed benefits (salary, health insurance), variable remuneration (annual remuneration)	37,200
Investment Portfolio Manager	Remuneration and fixed benefits (salary, health insurance), variable remuneration (annual remuneration)	28,530
Coordination and Follow-up Manager	Remuneration and fixed benefits (salary, health insurance), variable remuneration (annual remuneration)	26,400

RULE FOUR: SAFEGUARD THE INTEGRITY OF FINANCIAL REPORTING

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 2020, 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 2020, 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 Abdelmoeti Soliman
Finance Manager

THE AUDIT COMMITTEE

The Company has re-formed the Audit committee from three non-executive members from the Board members, one of the members is independent and their experience are matching the nature of the company's activity. The committee is completely Independent and one of the committee is a member with academic qualifications and practical experience in the accounting and financial fields. The Board has defined the period of the committee's membership and its duties, authorities and responsibilities as stated in the Committee charter that approved by the Board. This committee has met with the external and internal auditors four times during the year 2020. Also, during the committee's tasks Implementation, there was no conflict between the audit committee's recommendations and the board's decisions.

THE INDEPENDENCY AND NEUTRALITY OF THE COMPANY'S EXTERNAL AUDITOR

The company's ordinary general assembly appoints or re-appoint the auditor of the company's books based on the board of directors recommendation, the nomination of the auditor is based on the recommendation of the audit committee. The audit committee takes in consideration that the auditor is registered and authorized by CMA, so that he meets all the CMA requirements. Also the Committee makes sure that the external auditor is independent of the company and its board of directors and that he does not perform additional work for the company that is not included in the audit work that may affect his neutrality or independency. The audit committee discusses the annual financial statements with the external auditor before submitting it to the Board of Directors to assist them in making decision.

The external auditor attends the annual ordinary general assembly meetings of the company and presents the report prepared to the company's shareholders.

RULE FIVE: APPLY SOUND SYSTEMS OF RISK MANAGEMENT AND INTERNAL AUDIT

RISK MANAGEMENT UNIT

The Company has a Risk Management Officer and has signed an engagement with an external independent consulting firm to provide consulting services related to risk management to specify and measure risks that the company is exposed to, mainly works on measure, follow-up and reduce all types of risks that the company is facing. The unit has developed effective systems and procedures to manage risks through the preparation of the risk management methodology and the job description of the Risk Officer, in order that the company will be able to perform its main duties of measuring and following-up all types of risks to which the company is exposed to. Further, the unit has also worked on developing periodic reporting systems, as it is one of the important tools in the risk follow-up process to reduce their likelihood to occur. The unit's staff are independent as they report directly to the Risk Management Committee, as well as has full authority in order to carry out their tasks completely with no any financial authorities or powers. Also, the unit has a qualified human cadres who have professional competencies and technical capabilities. Moreover, if there is transactions that the company executes with related parties, the unit will review transactions and submit appropriate recommendations regarding them to the Board of Directors.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee consists of three members who are non-executive board of directors, including the independent member. The board has defined the period of membership of the committee's members and its role. The authorities and functions of the Risk Management Committee have been stated in its charter that approved by the Board. Risk Management committee has met four times during the year 2020 and discussed several topics related to its authorities and functions including reviewing the semi-annual risk reports.

INTERNAL CONTROL AND SUPERVISION SYSTEMS

Tamdeen Investment Company relies on a set of control systems and supervisory bases that cover all the company's activities and departments. These systems and bases work to maintain the integrity of the company's financial position, the accuracy of its data, and the efficiency of its operations from various aspects. The organization structure of the company reflects the controls of double control (Four Eyes Principles), including proper identification of authorities and responsibilities, complete segregation of duties, conflict of interests, reviewing, double control and double signature.

An annual evaluation of the company's internal control systems is carried out in accordance with the regulations and laws by an independent audit firm. The firm prepares an ICR report of the company's activities. The report submitted to the Capital Markets Authority within ninety days from the end of the financial year.

INTERNAL AUDIT UNIT

Tamdeen Investment Company has an Audit Officer who is registered in the Capital Markets Authority. Functionally reports to the audit committee of the Board of Directors. Further, a consulting firm has also been assigned to support in carrying out internal control and audit on the groups and departments of the Tamdeen Investment Company. The office works as a consulting party and submits periodic reports for review that accordingly the Internal Audit Officer works with the audit committee to review the work of the consulting firm and discuss its reports periodically.

RULE SIX: PROMOTE CODE OF CONDUCT AND ETHICAL STANDARDS

Establishing a culture of professional behavior and ethical values within the company enhances the investor's confidence in the integrity and financial soundness of the company, as the commitment of all employees of the company, whether members of the board of directors, executive management or other employees to the company's internal policies, regulations, legal and regulatory requirements will lead to achieve the interests of all stakeholders in relation with the company, especially the shareholders without a conflict of interest and with a high level of transparency.

CONFLICT OF INTEREST

The company's conflict of interest policy and mechanisms have been prepared to meet the requirements of the Capital Markets Authority. The policy of conflicts of interest clarifies the commitment of the company to perform its activity in a fair, honest and sound manner to ensure that the long-term interests of the stakeholders are in the best possible way. The conflict of interest policy also helps to ensure that no one improperly uses any deals in which the company is involved with.

The dealings with related parties are reviewed by the Risk Unit, and the report on the dealings with related parties is discussed during the General Assembly

RULE SEVEN: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE AND TRANSPARENCY

ACCURATE AND TRANSPARENT PRESENTATION AND DISCLOSURE MECHANISMS THAT DEFINE THE ASPECTS, FIELDS AND CHARACTERISTICS OF DISCLOSURE

The board of directors of Tamdeen Investment Company is keen to build and establish a good system of disclosure and transparency consistent with the regulations in the executive bylaws and any regulation from the CMA in this regard, which specify aspects, areas and characteristics of disclosure whether in relation to the topics or elements that must be disclosed.

Accurate disclosure is one of the basic features and methods of following-up the company's activities and evaluating its performance as it contributes In the adding to the knowledge of shareholders and investors of the company's structures, activities and the policies implemented by the company, as well as evaluating the company's performance in relation to ethical standards.

The company's board of directors has worked through the company's corporate governance framework to set up accurate and transparent presentation and disclosure mechanisms, which define aspects, areas and characteristics of disclosure that related to the topics or elements to be disclosed and includes methods of disclosure of financial and non-financial information and data related to the company's financial position, performance and ownership through disclosure to the Kuwait Stock Exchange and the Capital Markets Authority.

REGISTER OF DISCLOSURES FOR THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The company has a special register for the disclosures of the members of the board of directors and executive management, which includes the disclosures of ownership percentages and trades executed on the company's shares, adding the declarations and undertaking provided by them since they are insiders' persons, which are updated according to the executive bylaws of the Capital Markets Authority. This register is available for all shareholders of the company without any fees. The company also updates this register periodically to reflect the reality of the conditions of the related parties.

INVESTORS AFFAIRS UNIT

The company has a unit that organizes investor affairs and is responsible about the availability and for providing financial statements, information and reports that needed for current and potential investors. The Investor Affairs Unit has the appropriate independency that allows it to provide data, information and reports in a timely and accurate manners, which is through direct contact with the unit, the company's website the and the Kuwait Stock Exchange website.

DEVELOPING THE IT INFRASTRUCTURE AND MAINLY USING IT IN DISCLOSURE PROCESSES

The company has developed and updated the information technology infrastructure that it uses and relies on in all its activities, as it uses several programs in its various departments, as an example, the Oracle program in Finance Department and Human Resources and Administrative Affairs Department. In addition to other programs that used by Information Technology Department. The company also has an active and effective website that contains all the information, data and disclosures related to the company's operations and the latest developments. Furthermore a section of corporate governance so that the company maintains and updates the website on a periodic basis.

RULE EIGHT: RESPECT THE RIGHTS OF SHAREHOLDERS

PROTECT THE PUBLIC RIGHTS OF SHAREHOLDERS

The company is committed to protect the rights of its shareholders, as the Board of Directors has approved policies and Implemented procedures that guarantee the protection of the rights of all shareholders to ensure that the shareholders' use their rights as stated in the companies' bylaws and CMA regulations, which include the following:

- Communicating with investors in order to provide responses to inquiries and information or documents to fulfill requests of information.
- Amend the criteria and methods of communication by working closely with the media and public relations In order to analyze the investor data base and developing a framework for segmentation and data classification.

PRIVATE REGISTER OF SHAREHOLDERS

There is a special register maintained with the Clearing Company to allow shareholders to review to this register. The data included in the aforementioned register is managed according to the highest level of protection and confidentiality and in order that does not contradict with the stipulated regulations and laws.

PARTICIPATE AND VOTE IN GENERAL ASSEMBLY MEETINGS

Tamdeen Investment Company encourages its shareholders by inviting them to participate in the general assembly meeting, giving them the opportunity to vote, and encouraging them to use their rights. Which is done through the following:

- Providing the invitation to the shareholders to attend the general assembly meeting, including the agenda, time and place of the meeting through an announcement in accordance with the mechanism specified in the executive bylaws of the companies' law.
- The company clarifies to the shareholders that the shareholder has the right to authorize someone to attend the general assembly meeting, according to a special power of attorney or authorization prepared by the Clearing Company for this purpose.
- The company provides the shareholders with sufficient time to obtain all the information and data related to the items on the agenda to enable the shareholders to make their decisions properly before the general assembly.

RULE NINE: RECOGNIZE THE ROLES OF STAKEHOLDERS

SYSTEMS AND POLICIES THAT GUARANTEE PROTECTION AND RECOGNITION OF STAKEHOLDERS' RIGHTS

Tamdeen Investment Company respects and protects the rights of stakeholders in all its internal and external transactions and dealings. The company has developed within the framework of corporate governance policies that include rules and procedures that ensure protection and recognition of the rights of stakeholders and keep them up to date, in order to allow stakeholders to obtain compensation in case any of their rights are violated, according to the regulations issued in this regard.

ENCOURAGING STAKEHOLDERS TO PARTICIPATE IN MONITORING THE COMPANY'S VARIOUS ACTIVITIES

Encouraging stakeholders to participate in the follow-up of the company's various activities in order not to conflict with stakeholders' transactions, whether contracts or deals with the company that with the interest of shareholders. It is considered that none of the stakeholders obtains any advantage through his dealings in contracts and deals that Is part of the company's activities. The company sets internal policies and regulations that include a clear mechanism for get engaged in various types of contracts and deals, which is through various tenders or purchase orders.

Further, the company has set-up a mechanisms and frameworks to ensure maximum benefit from contributions of the company's stakeholders and motivate them to participate in following-up its activities which is in line with achieving its interests to the fullest. Where the company allows stakeholders to obtain all information and data related to their activities, so that they can be relied upon in a timely and regular basis, and the company has also facilitated the process to stakeholders to inform the company's board of directors of any improper practices that they may be exposed to by the company, while providing adequate protection for reporting parties.

Tamdeen Investment Company is also committed to the "Whistleblowing Policy of Violations and Abuses" that allows the company's employees, clients and stakeholders to report their doubts about any improper practices or matters that raise suspicion in financial reports, internal control systems, or any other matters. In addition to set an appropriate arrangements which allows conducting an independent and fair investigation of these issues while ensuring that the whistleblower is given the confidentiality to ensure that he is protected from any negative reaction or damage that he may face as a result of reporting these practices.

RULE TEN: ENCOURAGE AND ENHANCE PERFORMANCE

MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT RECEIVE TRAINING PROGRAMS AND COURSES

Continuous training and qualification for members of the board of directors and executive management is one of the significant pillars of the rules of healthy governance, as it greatly contributes in enhancing the company's performance, through enable the board of directors and executive management to adequately exercise the duties and responsibilities assigned to them. The company has also developed a clear policy within the corporate governance framework that allows members of the board of directors and executive management to receive internal and external training programs and courses on an ongoing basis.

EVALUATE THE PERFORMANCE OF MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The company has set key performance indicators (KPIs) to evaluate the Board of Directors as a whole, the contribution of each member of the Board and each of its committees, as well as key performance indicators (KPIs) to evaluate the executive management and all employees of the company to identify and define aspects of Weaknesses, strengths, and recommend to address them in accordance with the interest of the company.

CREATE INSTITUTIONAL VALUES FOR THE COMPANY'S EMPLOYEES

The Board of Directors works to create values within the company in the short, medium and long terms, by setting-up and providing mechanisms and procedures that work to achieve the company's strategic goals and improve average performance, which contribute effectively in creating institutional values among employees and motivating them to work continuously to maintain the financial integrity of the company and the continuity of the company in an efficient and effective manner.

RULE ELEVEN: FOCUS ON THE IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY

In compliance to our belief in the importance of the role of the private sector and its responsibility towards the public interest of the State of Kuwait and its community, Tamdeen Investment Company participated in many community initiatives. The company is keen to contribute in a vital and effective role in the development of Kuwaiti community through various social responsibility activities and initiatives, especially those programs and campaigns that address children and youth directly.

In order to achieve the aim of supporting the capabilities and talents of the younger generations, encouraging them to volunteer in the community in all its fields, qualifying national cadres and developing their skills and self-confidence, providing training opportunities in specialized fields to gain practical experiences. In addition to stimulating innovation and educational, sports, artistic and cultural activities.

SPONSORSHIP

DAR AL ATHAR AL ISLAMIYYAH - DAI

A cultural organization that includes a rare collection of Islamic art diversified in place and time, in addition to private items that owned by the late Sheikh / Nasser Sabah Al-Ahmad Al-Sabah, "founder of Al-Sabah Archaeological Group" and his preserved wife. Sheikha / Hessa Sabah Al-Salem Al-Sabah manages (Al Dar) that affiliated to the Ministry of Information to make Al Dar as a global cultural site in the State of Kuwait.

The company's believes in the cultural importance for what Al-Dar representing. In light of closure of activities to implement the preventive procedures to confront the Covid-19 virus, the company has continued to support Dar Al Athar Al Islamiyyah during the year 2020.

PARTNERSHIPS

LOYAC

One of the most important initiatives of Tamdeen Investment Company is to provide support to NGOs through partnership with the non-profit organization LOYAC, which seeks to achieve the ambition of the rising generation and achieve real and sustainable added value to the community through working to develop the capabilities, talents and energies of young people, provide training opportunities for them within many development programs that organized by LOYAC and invest in their energies and enhance their expertise in vital areas within the labor market.

LOYAC targets the age group between 5 and 30 years through educational, training and voluntary programs and projects assigned to them, in addition to motivating young people to initiate, innovate and find solutions to social challenges facing society. As the activities of the year 2020 were limited, in order to apply preventive measures to confront the Covid-19 virus.

AWARENESS CAMPAIGNS

Keen on the importance of awareness and its impact on limiting the spread of the Coronavirus pandemic, the company launched awareness campaigns on the necessity of adherence to preventive measures, social distancing and health awareness.

Those campaigns also to thank everyone who works to face the effects of the virus spread, especially people who works on the front-line for their continuous giving and effort.

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 2020, 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 2020, 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 2020, the Group held investments in associates of KD 107,850,979 in the consolidated financial statements which represents 34% 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 2020, the Group has recognised an impairment loss of KD 4,662,513 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 especially due to the ongoing COVID-19 pandemic. 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.

Audit procedures to address KAM

- 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 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 valuation specialists, we assessed the appropriateness of the group's valuation methodology applied in determining the recoverable amount as well as the impact of the Covid-19 pandemic on markets and business;
- 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 relating to this matter against the requirements of IFRSs.

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 2020 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

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 2020 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 audit, 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, concerning the Capital Markets Authority and its related regulations, as amended, during the year ended 31 December 2020, 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, 15 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2020

(ALL AMOUNTS ARE IN KUWAITI DINARS)

	NOTES	2020	2019
Assets			
Cash and cash equivalents	5	23,741,660	24,181,131
Accounts receivables and other assets		646,368	2,832,611
Investments at fair value through OCI	6	176,884,943	224,436,959
Investments in associates	7	107,850,979	121,108,734
Fixed assets and project under process		4,205,176	1,821,154
Intangible assets		2,314,986	1,830,064
Other assets		324,324	371,636
Total assets		315,968,436	376,582,289
Liabilities and equity			
Liabilities			
Accounts payable and other credit balances	8	4,157,729	4,482,993
Bank facilities	9	82,383,200	82,430,000
End of service indemnity		400,757	362,390
Total liabilities		86,941,686	87,275,383
Equity			
Share capital	10	34,506,371	34,506,371
Share premium		15,672,351	15,672,351
Treasury shares	11	(955,093)	(938,958)
Gain on sale of treasury shares		6,886,779	6,886,779
Statutory reserve	12	9,216,315	9,216,315
Fair value reserve		121,316,886	168,868,902
Group's share in associates' reserves		(1,157,486)	445,507
Retained earnings		32,880,522	43,891,108
Equity attributable to Parent Company's shareholders		218,366,645	278,548,375
Non-controlling interests		10,660,105	10,758,531
Total equity		229,026,750	289,306,906
Total liabilities and equity		315,968,436	376,582,289

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 2020

(ALL AMOUNTS ARE IN KUWAITI DINARS)

	NOTES	2020	2019
Revenues			
Cash dividends on investments at FVTOCI		10,562,624	10,193,367
Net (loss)/ income from associates and subsidiaries	14	(10,341,520)	6,237,796
Other operating (loss)/ income (net)		(396,555)	6,833
Other income	15	208,693	805,760
		33,242	17,243,756
Expenses			
Staff costs		1,622,366	1,594,354
Other expenses	16	2,866,308	3,362,990
Finance charges		2,483,547	3,758,810
Foreign currency exchange losses		67,980	32,836
		7,040,201	8,748,990
(Loss)/ profit for the year before deductions		(7,006,959)	8,494,766
National Labour Support Tax		-	182,953
Zakat		-	17,972
Board of Directors' remuneration		-	50,000
Net (loss)/ profit for the year		(7,006,959)	8,243,841
Distributed as follows:			
Parent Company's shareholders		(6,908,533)	8,242,672
Non-controlling interests		(98,426)	1,169
		(7,006,959)	8,243,841
(Losses)/ earnings per share attributable to the Parent Company's shareholders (fils)	17	(20.21)	24.08

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

(ALL AMOUNTS ARE IN KUWAITI DINARS)

	2020	2019
Net (loss)/ profit for the year	(7,006,959)	8,243,841
Other comprehensive income items:		
Items that may be reclassified subsequently to statement of income:		
Group's share in associates' reserves	(3,896)	(50,670)
	(3,896)	(50,670)
Items that may not be reclassified subsequently to statement of income:		
Change in fair value of investments at FVTOCI	(47,552,016)	84,371,027
Group's share in associates' reserves	(1,599,097)	667,027
	(49,151,113)	85,038,054
Total other comprehensive income items	(49,155,009)	84,987,384
Total comprehensive (loss)/ income for the year	(56,161,968)	93,231,225
Distributed as follows:		
Parent Company's shareholders	(56,063,542)	93,230,056
Non-controlling interests	(98,426)	1,169
	(56,161,968)	93,231,225

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

(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	Fair value reserve	Group's share in associates' reserves	Retained earnings	Total	Non-controlling interest	Total equity
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	-	-	-	-	-	-	-	(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' adjustment	-	-	-	-	-	-	-	1,270	1,270	-	1,270
Impact of liquidation of an 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	68,868,902	445,507	43,891,108	278,548,375	10,758,531	289,306,906
Balance as at 1 January 2020	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
Net loss for the year	-	-	-	-	-	-	-	(6,908,533)	(6,908,533)	(98,426)	(7,006,959)
Total comprehensive loss for the year	-	-	-	-	-	(47,552,016)	(1,602,993)	-	(49,155,009)	-	(49,155,009)
Cash dividends (Note 13)	-	-	-	-	-	-	-	(4,102,053)	(4,102,053)	-	(4,102,053)
Purchase of treasury shares	-	-	(16,135)	-	-	-	-	-	(16,135)	-	(16,135)
Balance as at 31 December 2020	34,506,371	15,672,351	(955,093)	6,886,779	9,216,315	121,316,886	(1,157,486)	32,880,522	218,366,645	10,660,105	229,026,750

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

(ALL AMOUNTS ARE IN KUWAITI DINARS)

	NOTE	2020	2019
Cash flows from operating activities			
Net (loss) / profit for the year		(7,006,959)	8,243,841
Adjustments:			
Cash dividends on investments at FVTOCI		(10,562,624)	(10,193,367)
Net loss/ (income) from associates and subsidiaries		10,341,520	(6,237,796)
Interest income		(92,082)	(637,508)
Finance charges		2,483,547	3,758,810
Depreciation and amortization		1,661,970	24,065
Impairment in fixed assets		-	638,956
Losses on disposal of fixed assets		-	647,091
Other debit balances losses provision		600,000	-
End of service indemnity		38,367	108,725
Operating loss before changes in operating assets and liabilities		(2,536,261)	(3,647,183)
Accounts receivables and other assets		1,605,569	(4,697,194)
Other assets		14,876	-
Accounts payable and other credit balances		(1,399,306)	537,608
Net cash used in operating activities		(2,315,122)	(7,806,769)
Cash flows from investing activities			
Proceeds on sale of investments at fair value through OCI		-	9,383,300
Proceeds from liquidation of an associate		-	795,339
Dividends received from investments at fair value through OCI		10,562,624	10,193,367
Dividends received from an associate		1,568,168	2,203,979
Paid for acquisition of tangible and intangible assets		(3,389,610)	(2,003,894)
Paid for acquisition of additional stake in associates		(254,926)	(618,651)
Cash in the subsidiary as at the control loss date		-	(615,344)
Interest income received		92,082	673,478
Net cash generated from investing activities		8,578,338	20,011,574
Cash flows from financing activities			
Cash dividends paid		(4,064,856)	(4,063,792)
Paid for purchase of treasury shares		(16,135)	(411,870)
Net movement on bank facilities		(46,800)	(7,992,000)
Finance charges paid		(2,574,896)	(3,766,298)
Change in non-controlling interests		-	100,654
Net cash used in financing activities		(6,702,687)	(16,133,306)
Decrease in cash and cash equivalents		(439,471)	(3,928,501)
Cash and cash equivalents at the beginning of the year		24,181,131	28,109,632
Cash and cash equivalents at the end of the year	5	23,741,660	24,181,131

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 19, (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 2020 (55.94% - 2019).

The consolidated financial statements have been authorized for issuance by the Board of Directors on 15 March 2021, 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 Changes in accounting policies and disclosures

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the adoption of certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020:

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies 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. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16: Covid-19 Related Rent Concessions

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

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

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

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

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

These amendments had no impact on the consolidated financial statements of the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

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

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.
Amendments to IAS 1	Classification of Liabilities as Current or Non-current The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.
Amendments to IFRS 3 Reference to the Conceptual Framework	The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same or earlier.
Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application Permitted
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Annual Improvements to IFRS Standards 2018-2020 Cycle	The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The management do 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 derecognized 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

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 Group 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 Group applies IFRS 15 to allocate consideration under the contract to each component.

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 8,187,402 as at 31 December 2020 (KD 10,453,394 - 2019).

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

	2020	2019
US Dollar / Surplus	182,952,223	227,104,756

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 investments at fair value through other comprehensive income 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	
	2020	2019
Index of the Kuwait Stock Exchange	129,206	261,071
Index of the Bahrain Stock Exchange	9,169,891	4,617,333

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 2020, had the interest rates increased by 5% with all other variables held constant, the net profit would have decreased by KD 119,573 (KD 156,065 - 2019).

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.

Accounts receivables do not include impaired balances as at 31 December 2020 and 2019.

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 maximising the return to shareholders through the optimisation 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:

	2020	2019
Total Borrowings	82,383,200	82,430,000
Less: cash and cash equivalents	(23,741,660)	(24,181,131)
Net debt	58,641,540	58,248,869
Total equity	229,026,750	289,306,906
Total capital	287,668,290	347,555,775
Gearing ratio (%)	20	17

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, maximising the use of relevant observable inputs and minimising 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 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 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.

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input (s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/2020	31/12/2019				
Financial assets						
Investments at fair value through statement of other comprehensive income						
Quoted Shares	172,834,068	219,790,311	1	Last bid price	-	-
Unquoted shares	4,050,875	4,646,648	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	
	2020	2019
Balance as at 1 January	4,646,648	5,036,533
Additions during the year	-	650
Change in fair value during the year	(595,773)	(390,535)
Balance as at 31 December	4,050,875	4,646,648

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

	2020	2019
Financial budgets cover period (years)	2021-2025	2020-2023
Discount rate (weighted average cost of capital)	10%	10%
Terminal growth rate	2.75%	2.75%

British Industries for Printing and Packaging KSCC

	2020	2019
Financial budgets cover period (years)	2021-2025	2020-2023
Discount rate (weighted average cost of capital)	3.55%	5.72%

BW British for Printing Company KSCC

	2020	2019
Financial budgets cover period (years)	2021-2025	-
Discount rate (weighted average cost of capital)	4.92%	-

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

5- CASH AND CASH EQUIVALENTS

	2020	2019
Current accounts at banks	23,289,214	4,729,377
Time deposits (less than 3 months)	450,000	19,443,281
Cash in portfolios	877	1,868
Cash on hand	1,569	6,605
	23,741,660	24,181,131

The effective interest rate on time deposits is 1.43% as at 31 December 2020 (2.3% - 2019).

6- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

	2020	2019
Investments in foreign securities – Quoted	163,748,046	209,067,886
Investments in local securities – Quoted	9,086,022	10,722,425
Investments in local securities – Unquoted	2,908,092	3,342,967
Investments in foreign securities – Unquoted	1,142,783	1,303,681
	176,884,943	224,436,959

- 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 did not dispose any part of its investments classified at fair value through other comprehensive income. The Group disposed during last year investments classified at fair value through OCI and the related cumulative gain carried in fair value reserve amounted to KD 8,164,303 as 31 December 2020 and 2019.
- Certain investments are pledged against bank facilities (Note 9).
- Following is the analysis of investments by currencies as at 31 December:

	2020	2019
US Dollar	163,748,046	209,067,886
Kuwaiti Dinar	11,994,114	14,065,392
Other currencies	1,142,783	1,303,681
	176,884,943	224,436,959

7- INVESTMENTS IN ASSOCIATES

Company name	Country of incorporation	Main Activity	2020		2019	
			%	Carrying Value	%	Carrying Value
Kuwait National Cinema Co. KSCP	Kuwait	Entertainment	48.38	55,142,709	48.29	61,555,089
Tamdeen Pearl Real Estate Co. KSCC	Kuwait	Real estate	30.74	27,552,995	30.74	27,564,179
Manshar Real Estate Co. KSCC	Kuwait	Real estate	50	20,190,389	50	19,989,605
Tamdeen Real Estate Development KSCC	Kuwait	Real estate	48	3,574,465	48	5,907,168
Others				1,390,421		6,092,693
				107,850,979		121,108,734

- 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 5,679,007 (losses) for the year ended 31 December 2020 (KD 6,796,636 (gains) - 2019).
- Investment securities in Kuwait National Cinema Company (KSCP) is partially pledged against bank facilities as at 31 December 2020 (Note 9).
- 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 33,827,640 as at 31 December 2020 (KD 46,919,899 – 2019). 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 Company, and BW British for Printing Company with an amount of KD 4,662,513 in the consolidated statements of income for the year ended 31 December 2020 (KD 563,733 – 2019). The Group assesses its recoverable value estimated using the value in-use method (Note 4).
- During the current year, the Group acquired additional stake of 0.037% in Kuwait National Cinema Company (K.S.C.P).
- During the current year, the Group paid an amount of KD 220,000 to acquire a stake in share capital of TLB for General Trading for foodstuff Company (W.L.L.) by percentage of 35%.
- 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

	2020	2019
Current assets	21,591,911	30,585,304
Non-current assets	117,540,352	102,184,467
Current liabilities	35,937,248	25,920,750
Non-current liabilities	22,259,502	12,476,172
Non-controlling interest	18,215	39,735

	2020	2019
Revenues	4,841,910	19,553,127
(Loss)/ profit for the year	(7,304,088)	8,572,305
Other comprehensive loss for the year	(6,302,309)	(2,735,280)
Total comprehensive (loss)/ income for the year	(13,606,397)	5,837,025
Cash dividends collected from associate during the year	1,568,168	2,203,975

	2020	2019
Net assets of the associate	80,917,298	94,333,114
Ownership interest %	48.38	48.29
Ownership interest	39,147,789	45,553,461
Goodwill	15,994,920	16,001,628
Carrying value	55,142,709	61,555,089

Tamdeen Pearl Real Estate Co. KSCC

	2020	2019
Total assets	133,524,021	121,377,415
Total liabilities	43,690,545	31,507,469
Non-controlling interest	201,093	201,180

	2020	2019
Revenues	-	51,200
Total comprehensive (loss)/ income for the year	(36,470)	3,883

	2020	2019
Net assets of the associate	89,632,383	89,668,766
Ownership (%)	30.74	30.74
Carrying value	27,552,995	27,564,179

Manshar Real Estate Co. KSCC

	2020	2019
Current assets	3,835,323	8,614,197
Non-current assets	162,287,025	159,287,344
Current liabilities	38,714,328	30,214,431
Non-current liabilities	87,027,242	97,707,900

	2020	2019
Revenues	5,745,058	12,525,143
Profit for the year	918,427	5,639,465
Total comprehensive income for the year	401,565	5,648,657

	2020	2019
Net assets of the associate	40,380,778	39,979,210
Ownership (%)	50	50
Carrying value	20,190,389	19,989,605

Tamdeen Real Estate Development Co. KSCC

	2020	2019
Total assets	18,928,227	23,862,240
Total liabilities	11,481,425	11,555,640

	2020	2019
Revenues	-	92,430
Total comprehensive (loss)/ income for the year	(4,859,800)	33,229

	2020	2019
Net assets of the associate	7,446,802	12,306,600
Ownership (%)	48	48
Carrying value	3,574,465	5,907,168

Aggregate information of associates that are not individually material

	2020	2019
The Group's share of loss from continuing operations	(259,753)	(46,118)
The Group's share of other comprehensive loss for the year	-	(8,357)
The Group's share of total comprehensive loss for the year	(259,753)	(54,475)
Aggregate carrying amount of the Group's interest in these associate	1,390,421	6,092,693

8- ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	2020	2019
Payables	1,670,482	1,973,410
Accrued dividends	76,739	39,542
Accrued expenses	800,307	969,379
Lease Liability	157,061	158,609
National Labour Support Tax	-	184,585
Zakat	-	19,847
Due to related parties (Note 18)	25,980	302,566
Others	1,427,160	835,056
	4,157,729	4,482,993

Lease liability maturity analysis are as follows:

	2020	2019
Current lease liability due within 12 months	32,861	21,836
Non-current lease liabilities due after 12 months	124,200	136,773
	157,061	158,609

9- BANK FACILITIES

	2020	2019
Term loans	82,383,200	82,430,000
Effective interest rate on borrowings (%)	2.54	3.75

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

	2020	2019
Investments at fair value through OCI (Note 6)	92,056,057	175,187,963
Investments in an associate (Note 7)	25,968,437	35,033,005
	118,024,494	210,220,968

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

10- 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.

11- TREASURY SHARES

	2020	2019
Number of shares (share)	3,291,677	3,225,957
Percentage to issued shares (%)	0.95	0.94
Market value	1,086,253	1,080,696

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.

12- 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.

13- DIVIDENDS

On 15 March 2021, the Parent Company's Board of Directors proposed not to distribute cash dividends for the year ended 31 December 2020 (12 fils per share – 2019), also proposed not to distribute remuneration for the Parent Company's Board of Directors the year then ended (KD 50,000 – 2019). These proposals are subject to shareholders' approval.

On 25 June 2020, the General Assembly of shareholders of the Parent Company approved the consolidated financial statements for the year ended 31 December 2019 and approved Board of Directors' proposal of distributing cash dividends of 12 fils per share for the year ended 31 December 2019, and Board of Directors' remuneration of KD 50,000 for the same year.

14- NET (LOSS)/ INCOME FROM ASSOCIATES AND SUBSIDIARIES

	2020	2019
Group's share from results of associates (Note 7)	(5,679,007)	6,796,636
Impairment losses from investments in associates (Note 7)	(4,662,513)	(563,733)
Gains from loss of control over subsidiary	-	75,382
Bargain purchase gain from acquisition of associate	-	79,545
Losses from liquidation of associate	-	(150,034)
	(10,341,520)	6,237,796

15- OTHER INCOME

	2020	2019
Interest income	92,082	637,508
Management fees	53,406	65,549
Others	63,205	102,703
	208,693	805,760

16- OTHER EXPENSES

	2020	2019
Consultancy and professional expenses	811,691	1,008,819
Other debit balances losses provision	600,000	-
Depreciation and amortization	541,877	24,065
Subscription and banks expenses	175,616	209,112
Donations	56,225	130,550
Impairment on fixed assets	-	638,956
Losses on disposal of fixed assets	-	647,091
Others	680,899	704,397
	2,866,308	3,362,990

17- (LOSSES)/ EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS

(Losses)/ earnings per share for the shareholders of the Parent Company are calculated based on net (loss)/ 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 (losses)/ earnings per share:

	2020	2019
Net (loss)/ profit for the year attributable to the Parent Company's shareholders	(6,908,533)	8,242,672
Weighted average number of outstanding shares	341,808,773	342,308,029
(Losses)/ earnings per share (fils)	(20.21)	24.08

18- 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:

	2020	2019
Transactions		
Management fees	38,827	43,374
Salaries and key management compensation	238,988	232,451
Provision (due from related party)	(600,000)	-
Balances		
Accounts receivable and other assets	5,419	621,308
Accounts payable and other credit balances (Note 8)	25,980	302,566
Off balance sheet items		
Net assets of clients' portfolios (major shareholders)	75,350,205	116,665,061

19- SUBSIDIARIES

COMPANY NAME:	LEGAL ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP (%)	
			2020	2019
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 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	100

As at 31 December 2020, total assets of the subsidiaries amounted to KD 177,348,366 (KD 207,377,808 – 2019), and their losses amounted to KD 6,513,150 for the year ended 31 December 2020 (KD 3,207,816 (gains) - 2019) based on the audited financial statements which were relied on when consolidating the subsidiaries as at 31 December 2020.

19- SUBSIDIARIES (CONTINUED)

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

Tamdeen Resorts Company	2020	2019
Current assets	201,630	204,975
Non-current assets	27,614,020	27,632,079
Current liabilities	1,202	1,202
Non-current liabilities	1,293	1,143
Equity attributable to shareholders of the Parent Company	17,166,279	17,179,582
Non-controlling interests	10,646,876	10,655,127

	2020	2019
(Losses)/ Revenues	(8,002)	6,782
Expenses	(3,177)	(2,729)
(Loss)/ profit for the year	(11,179)	3,054
(Loss)/ profit for the year attributable to shareholders of the Parent Company	(6,900)	1,885
(Loss)/ profit for the year attributable to non-controlling interests	(4,279)	1,169
Total comprehensive (loss)/ income attributable to shareholders of the Parent Company	(13,303)	1,885
Total comprehensive (loss)/ income attributable to non-controlling interests	(8,251)	1,169
Total comprehensive (loss)/ income for the year	(21,554)	3,054

Net cash flow used in operating activities	(3,027)	(3,098)
Net cash flow used in investing activities	(399)	(3,926)
Net change in cash and cash equivalents of the subsidiary	(3,426)	(7,024)

20- 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:

	2020			
	Kuwait	G.C.C.	Europe	Total
Segment revenues	(10,212,999)	10,165,340	80,901	33,242
Segment expenses	(7,040,201)	-	-	(7,040,201)
Assets	138,544,930	164,890,829	12,532,677	315,968,436
Liabilities	86,941,686	-	-	86,941,686

	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

21- OFF BALANCE SHEET ITEMS

The Group manages clients' investments portfolios amounting to KD 128,975,566 as at 31 December 2020 (KD 138,771,172 – 2019).

22- IMPACT OF COVID-19

The World Health Organization declared on 11 March 2020 the Novel Coronavirus (COVID-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity. The Group operates in economies that are relatively dependent on the crude oil prices.

At the reporting date, oil prices have witnessed unprecedented volatility. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption, due to COVID-19 outbreak, on its operations and financial performance.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group and incorporated the outcome in these consolidated financial statements and explained the changes in light of the available guidance of IFRS related to critical judgments and estimates for the year ended 31 December 2020. The Group considered the best available information about past events, current conditions and forecasts of economic conditions in determination of the reported amounts of the Group's financial and non-financial assets reported in these consolidated financial statements. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

Fair value measurement of financial instruments

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

Non-financial assets

As at the reporting date, the Group has not identified any significant impact on the carrying values of its non-financial assets except for recording impairment in value of its investments in associates (Note 14). The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the consolidated financial statements.

Going concern

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