AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH
INDEPENDENT AUDITOR'S REPORT

AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH
INDEPENDENT AUDITOR'S REPORT

CONTENTS

	Pages
Independent auditor's report	
Consolidated statement of financial position	4
Consolidated statement of profit or loss	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8 – 9
Notes to the consolidated financial statements	10 – 56

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Al-Mazaya Holding Company - K.S.C. (Public)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Mazaya Holding Company - K.S.C. (Public) "the Parent Company" and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

Valuation of investment properties

Investment properties as of December 31, 2021 amounting to KD 145,928,412 form a significant part of the total assets of the Group. The determination of the fair value of such properties is a subjective area and is highly dependent on judgements and estimates. Accordingly, the valuation of investment properties is considered a key audit matter. The Group performs an annual valuation exercise through licensed valuers to determine the fair value of the investment properties. These valuations are dependent on certain key assumptions such as estimated rental revenues, discount rates, occupancy rates, market knowledge, developers' risk and historical transactions. In estimating the fair value of investment properties, valuers used the comparable market price, income capitalization and discounted cash flow techniques and had considered the nature and usage of the investment properties. We reviewed the valuation reports on a sample basis from the licensed valuers and checked the adequacy of disclosures in the consolidated financial statements, which is included in (Note 10).

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Other Information

Management is responsible for the other information. Other information consists of the information included in the Group's 2021 Annual Report, other than the consolidated financial statements and our auditor's report therein. We have not received the Group's Annual Report, which also includes the Board of Directors report, prior to the date of our auditor's report, and we expect to receive these reports after the date of our auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard. Our opinion on the consolidated financial statements does not cover the other information attached to it, and we do not and will not express any form of assurance conclusion thereon.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

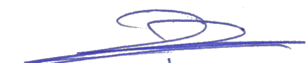
We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in 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 December 31, 2021, that might have had a material effect on the business or financial position of the Parent Company.

Furthermore, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended December 31, 2021 that might have had a material effect on the Group's financial position or results of its operations.



Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie & Co.

State of Kuwait
February 3, 2022

AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	2021	2020
Current assets:			
Cash and cash equivalents	3	**7,088,750**	7,078,529
Financial assets at fair value through profit or loss ("FVTPL")	4	**394,447**	372,616
Accounts receivable and other debit balances	5	**9,308,261**	10,847,874
Inventory		**40,423**	-
Properties held for trading	6	**6,228,182**	6,910,313
Assets classified as held for sale	7	**15,418,192**	-
Total current assets		**38,478,255**	25,209,332
Non-current assets:			
Financial assets at fair value through other comprehensive income ("FVTOCI")	8	**10,368,995**	11,139,946
Property, plant and equipment	9	**2,727,891**	373,468
Investment properties	10	**145,928,412**	168,806,596
Goodwill	11	**2,254,210**	2,254,210
Total non-current assets		**161,279,508**	182,574,220
Total assets		**199,757,763**	207,783,552
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and other credit balances	12	**7,012,011**	6,585,631
Advances from customers		**70,285**	477,684
Lease liabilities	13	**1,372,613**	1,314,272
Islamic bank facilities	14	**6,144,020**	16,573,980
Liabilities relating to assets classified as held for sale	7	**262,922**	-
Total current liabilities		**14,861,851**	24,951,567
Non-current liabilities:			
Accounts payable and other credit balances	12	**5,924,370**	8,107,425
Lease liabilities	13	**10,530,275**	11,755,388
Islamic bank facilities	14	**90,322,099**	81,444,252
Provision for end of service indemnity		**1,763,436**	1,618,585
Total non-current liabilities		**108,540,180**	102,925,650
Total liabilities		**123,402,031**	127,877,217
Equity:			
Share capital	15	**62,955,982**	68,827,896
Share premium		**17,921,560**	21,655,393
Treasury shares	16	**(1,777)**	(18,819,349)
Statutory reserve	17	**1,632,430**	14,469,647
Fair value reserve		**(5,582,249)**	(4,874,003)
Employees' share option plan		**-**	67,830
Other reserves		**573,614**	731,986
Foreign currency translation adjustments		**(15,898,912)**	(11,259,558)
Foreign currency translation adjustments relating to assets classified as held for sale		**(7,317)**	-
Retained earnings (accumulated losses)		**365,497**	(3,733,833)
Equity attributable to the shareholders of the Parent Company		**61,958,828**	67,066,009
Non-controlling interests		**14,396,904**	12,840,326
Total equity		**76,355,732**	79,906,335
Total liabilities and equity		**199,757,763**	207,783,552

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

Rasheed Y. Al Nafisi
Chairman

Ibrahim A. Al Soqabi
Chief Executive Officer

AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts are in Kuwaiti Dinars)

	Note	**2021**	2020
Continuing operations:			
Revenue:			
Revenue from sale of properties held for trading	20	**547,615**	9,906,539
Rental Income	20	**9,557,960**	8,582,480
Medical services income	20	**2,856,562**	-
Net management fees and commission income		**278,318**	225,901
Total revenue		**13,240,455**	18,714,920
Cost of revenue:			
Cost of sale of properties held for trading		**(544,096)**	(9,749,990)
Cost of rental		**(2,163,400)**	(1,980,520)
Cost of medical services		**(2,029,401)**	-
Total cost		**(4,736,897)**	(11,730,510)
Gross profit		**8,503,558**	6,984,410
Impairment loss on properties held for trading	6	**(482,988)**	(838,351)
Share of results from an associate		**-**	(474,452)
Change in fair value of investment properties		**(1,554,122)**	(3,643,069)
Selling and marketing expenses		**(132,296)**	(117,109)
General and administrative expenses		**(3,444,599)**	(3,554,689)
Operating profit (loss)		**2,889,553**	(1,643,260)
Net (loss) profit on financial assets	21	**(38,683)**	98,333
Effect of reclassification of an associate to financial assets at FVTOCI		**-**	172,194
Net other revenue (expenses)	22	**2,294,821**	(1,259,180)
Amortization of finance costs related to lease liabilities	13	**(603,228)**	(657,938)
Finance costs		**(4,115,723)**	(4,947,473)
Profit (Loss) for the year from continuing operations		**426,740**	(8,237,324)
Profit (Loss) for the year from discontinued operations	7	**355,299**	(209,623)
Profit (loss) for the year		**782,039**	(8,446,947)
Attributable to:			
Shareholders of the Parent Company		**406,108**	(8,476,775)
Non-controlling interests		**375,931**	29,828
		782,039	(8,446,947)
Earnings (loss) per share attributable to shareholders of the parent company			
Continuing operations			
Basic earnings (loss) per share - attributable to shareholders of the parent company – Fils	23	**0.08**	(13.17)
Diluted earnings (loss) per share - attributable to shareholders of the parent company – Fils	23	**0.08**	(13.15)
Discontinued operations			
Basic earnings (loss) per share - attributable to shareholders of the parent company – Fils	23	**0.57**	(0.33)
Diluted earnings (loss) per share - attributable to shareholders of the parent company – Fils	23	**0.57**	(0.33)
Total Basic earnings (loss) per share attributable to shareholders of the Parent Company – (Fils)	23	**0.65**	(13.50)
Total Diluted earnings (loss) per share attributable to shareholders of the Parent Company – (Fils)	23	**0.65**	(13.48)

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts are in Kuwaiti Dinars)

	2021	2020
Profit (loss) for the year	**782,039**	(8,446,947)
Other comprehensive loss from continuing operations:		
Items to be reclassified subsequently to consolidated statement of profit or loss:		
Group's share of other comprehensive income from associate	**-**	116,638
Foreign currency translation adjustment	**(4,605,156)**	(3,121,938)
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
Group's share from change in fair value of financial assets at fair value through other comprehensive income from associate	**-**	61,411
Change in fair value of financial assets at fair value through other comprehensive income	**(770,952)**	(1,711,305)
Other comprehensive loss for the year from continuing operations	**(5,376,108)**	(4,655,194)
Other comprehensive (loss) income for the year from discontinued operations	**(57,161)**	10,218
Total other comprehensive loss for the year	**(5,433,269)**	(4,644,976)
Total comprehensive loss for the year	**(4,651,230)**	(13,091,923)
Attributable to:		
Shareholders of the Parent Company	**(4,948,809)**	(12,844,110)
Non-controlling interests	**297,579**	(247,813)
	(4,651,230)	(13,091,923)
Total comprehensive loss for the year attributable to shareholders of the Parent Company		
Continuing operations	**(5,210,641)**	(12,665,861)
Discontinued operations	**261,832**	(178,249)
	(4,948,809)	(12,844,110)

The accompanying notes from (1) to (31) form an integral part of the consolidated financial statements.

AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts are in Kuwaiti Dinars)

	Attributable to shareholders of the Parent Company											
	Share Capital	Share Premium	Treasury Shares	Statutory reserve	Fair value reserve	Employees' share option plan	Other Reserves	Foreign currency translation adjustments	Foreign currencies translation adjustments relating to assets classified as held for sale	Retained earnings (accumulated loss)	Sub-total	Non-controlling interests	Total equity
Balance as at January 1, 2020	68,827,896	21,655,393	(19,288,845)	14,469,647	(3,293,389)	237,109	731,986	(8,472,837)	-	5,020,551	79,887,511	13,088,139	92,975,650
(Loss) profit for the year	-	-	-	-	-	-	-	-	-	(8,476,775)	(8,476,775)	29,828	(8,446,947)
Other comprehensive loss for the year	-	-	-	-	(1,580,614)	-	-	(2,786,721)	-	-	(4,367,335)	(277,641)	(4,644,976)
Total comprehensive loss for the year	-	-	-	-	(1,580,614)	-	-	(2,786,721)	-	(8,476,775)	(12,844,110)	(247,813)	(13,091,923)
Employees' share based payment	-	-	-	-	-	22,608	-	-	-	-	22,608	-	22,608
Employees" share options exercised	-	-	469,496	-	-	(191,887)	-	-	-	(277,609)	-	-	-
Balance as at December 31, 2020	68,827,896	21,655,393	(18,819,349)	14,469,647	(4,874,003)	67,830	731,986	(11,259,558)	-	(3,733,833)	67,066,009	12,840,326	79,906,335
Profit for the year	-	-	-	-	-	-	-	-	-	406,108	406,108	375,931	782,039
Other comprehensive loss for the year	-	-	-	-	(708,246)	-	-	(4,646,671)	-	-	(5,354,917)	(78,352)	(5,433,269)
Total comprehensive (loss) income for the year	-	-	-	-	(708,246)	-	-	(4,646,671)	-	406,108	(4,948,809)	297,579	(4,651,230)
Setting off of accumulated losses (Note 25)	-	(3,733,833)	-	-	-	-	-	-	-	3,733,833	-	-	-
Cancelation of treasury shares (Note 25)	(5,871,914)	-	18,625,088	(12,753,174)	-	-	-	-	-	-	-	-	-
Effect of partial disposal of a subsidiary	-	-	-	-	-	-	(165,088)	-	-	-	(165,088)	616,081	450,993
Effect of acquisition of additional shares of a subsidiary	-	-	-	-	-	-	6,716	-	-	-	6,716	226,781	233,497
Effect of consolidating a subsidiary (Note 2-b)	-	-	-	-	-	-	-	-	-	-	-	320,500	320,500
Effect of sale of treasury shares of subsidiary	-	-	-	-	-	-	-	-	-	-	-	95,637	95,637
Transferred to foreign currency translation adjustments relating to assets classified as held for sale	-	-	-	-	-	-	-	7,317	(7,317)	-	-	-	-
Transfer to Statutory reserve	-	-	-	40,611	-	-	-	-	-	(40,611)	-	-	-
Employees" share options exercised	-	-	192,484	(124,654)	-	(67,830)	-	-	-	-	-	-	-
Balance as at December 31, 2021	**62,955,982**	**17,921,560**	**(1,777)**	**1,632,430**	**(5,582,249)**	**-**	**573,614**	**(15,898,912)**	**(7,317)**	**365,497**	**61,958,828**	**14,396,904**	**76,355,732**

The accompanying notes from (1) to (31) form an integral part of the consolidated financial statements.

AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts are in Kuwaiti Dinars)

	2021	2020
Cash flows from operating activities:		
Profit (Loss) for the year from continuing operations	**426,740**	(8,237,324)
Profit (Loss) for the year from discontinued operations	**355,299**	(209,623)
Profit (loss) for the year	**782,039**	(8,446,947)
Adjustments:		
Allowance for expected credit losses	**401,153**	2,055,364
Allowance for expected credit losses no longer required	**(2,142,763)**	(240,534)
Impairment loss on properties held for trading	**482,988**	838,351
Net investment loss (income)	**38,683**	(98,333)
Share of results from an associate	**-**	474,452
Effect of reclassification of an associate to financial assets at FVTOCI	**-**	(172,194)
Change in fair value of investment properties	**1,582,955**	4,076,282
Depreciation	**150,505**	161,711
Amortization of finance cost related to lease liabilities	**603,228**	657,938
Finance costs	**4,115,723**	4,947,473
Gain on sale of property, plant and equipment	**(41,856)**	-
Provision for employees' stock option plan	**-**	22,608
Provision for employees' end of service indemnity	**200,124**	223,178
	6,172,779	4,499,349
Change in operating assets and liabilities:		
Accounts receivable and other debit balances	**2,979,571**	2,014,669
Inventory	**(40,423)**	-
Properties held for trading	**544,096**	6,048,925
Accounts payable and other credit balances	**(1,616,604)**	(2,142,625)
Advances from customers	**(407,399)**	(187,263)
Cash flows generated from operations	**7,632,020**	10,233,055
Employees' end of service indemnity paid	**(50,134)**	(29,265)
Net cash flows generated from operating activities	**7,581,886**	10,203,790
Cash flows from investing activities:		
Net movement in restricted cash balances	**12,853**	2,229,511
Proceeds from sale of financial assets at FVTPL	**-**	310,878
Purchase of property, plant and equipment	**(500,840)**	(51,465)
Proceeds from sale of property, plant and equipment	**159,125**	-
Paid for additions on investment properties	**(342,486)**	(549,090)
Proceeds from sale of investment properties	**850,000**	-
Paid for establishment of a subsidiary	**(250,000)**	-
Proceeds from partial disposal of subsidiary	**450,993**	-
Effect of acquisition of additional shares of subsidiary	**233,497**	-
Cash dividend received	**-**	206,187
Proceeds from sale of treasury shares of subsidiary	**102,860**	-
Net cash flows generated from investing activities	**716,002**	2,146,021
Cash flows from financing activities:		
Payment to lease liabilities	**(1,770,000)**	(1,537,500)
Net movement in term loans	**-**	(6,381,286)
Net movement in islamic bank facilities	**(1,525,811)**	792,989
Dividend paid	**(3,341)**	(9,241)
Finance costs paid	**(4,727,937)**	(3,909,490)
Net cash flows used in financing activities	**(8,027,089)**	(11,044,528)
Net increase in cash and cash equivalents	**270,799**	1,305,283
Cash related to established subsidiary during the year	**500,000**	-
Cash on hand and at banks relating to assets classified as held for sale (Note 7)	**(261,695)**	-
Foreign currency translation adjustments	**(486,030)**	(1,899,750)
Cash and cash equivalents at the beginning of the year (Note 3)	**6,389,737**	6,984,204
Cash and cash equivalents at the end of the year (Note 3)	**6,412,811**	6,389,737

	2021	2020
Non-cash transactions:		
Assets classified as held for sale	**(15,232,258)**	-
Property, plant and equipment	**(2,174,155)**	-
Investment properties	**16,731,413**	(3,094,894)
Properties held for trading	**-**	3,094,894
Investment in associate	**-**	9,735,533
Financial assets at FVTOCI	**-**	(9,735,533)
Accounts payable and other credit balances	**675,000**	-

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

1. Incorporation and activities

Al Mazaya Holding Company "The Parent Company" is a Kuwaiti Public shareholding company listed on Kuwait Boursa and Dubai Financial Market and registered in the State of Kuwait, and was incorporated based on Memorandum of Incorporation under Ref. No. 3501 / Volume 1 dated November 7, 1998 and its subsequent amendments, the latest of which was notarized in the commercial registry number 75203 dated June 8, 2021, according to which the reduction of the parent company's capital was notarized (Notes No. 15 and 25).

The Parent Company's main activities based on the Articles of Association are as follows:
Ownership of Kuwaiti and foreign shareholding companies, ownership of shares and portions of limited liability Kuwaiti and foreign companies or participating in the formation of those companies, as well as managing and guaranteeing those companies, granting loans to the companies in which it owns shares in and guaranteeing them towards others, provided that the percentage of participation of the holding company in the capital of the borrowing company is not less than 20%, ownership of industrial property rights including intellectual rights, trade marks, industrial marks, industrial fees or any other rights relating to such assets and leasing them to other companies to utilize them whether inside or outside the state of Kuwait, ownership of the movable assets and real properties needed to operate within the applicable laws, utilization of its available financial surpluses by investing them in financial real estate portfolios managed by specialized companies.

The Parent Company has the right to practice its aforementioned objectives inside the State of Kuwait and abroad for itself or as agent or representative to other, the Parent Company has the right as well to have interest or to participate with entities that practice similar operations or assist the Parent Company in achieving its objectives inside and outside Kuwait, and such it has the right to establish, form partnership, purchase or merge with those entities.

The Parent Company's registered address is P.O. Box 3546, Safat 13036, State of Kuwait.

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on February 3, 2022. The consolidated financial statements are subject to the approval of the Annual General Assembly of the shareholders of the Parent Company. The Shareholders Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

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

a) Basis of preparation:

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(dd). The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended December 31, 2020. The continued impact of the COVID-19 outbreak on the Group is detailed in (Note 31).

New and amended IFRS Standards that are effective for the current year.
The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2021:

Amendments to IFRS 16 – Covid-19 Related Rent Concessions
COVID-19-Related Rent Concessions, issued in May 2020, added paragraphs 46A, 46B, 60A, C20A and C20B. A lessee shall apply that amendment for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

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

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively and are not expected to have a material impact on the Group.

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The amendments are not expected to have a material impact on the Group.

Annual Improvements to IFRS Standards 2018 – 2020 Cycle

The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

Amendments to IAS I Presentation of Financial Statements — Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments are not expected to have a material impact on the consolidated financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after I January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. The amendments are not expected to have a material impact on the consolidated financial statements.

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice. The amendments are not expected to have a material impact on the Group.

Other amendments and improvements issued by IASB are not expected to have a material impact on the Group.

b) Basis of consolidation:

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

Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding	
			2021	2020
Al Mazaya Real Estate Development Company K.S.C (Closed)	State of Kuwait	Real estate	**97.98%**	97.98%
Gulf Turkey for General Trading and Contracting Company W.L.L	State of Kuwait	Real estate	**98%**	98%
First Dubai Real Estate Development Company – K.S.C.P	State of Kuwait	Real estate	**89.23%**	89.91%
Mezzan Combined For General Trading Company – W.L.L	State of Kuwait	Real estate	**99%**	99%
Al Yammar Kuwaiti Agriculture Company S.P.C.	State of Kuwait	Real estate	**100%**	100%
Mazaya Ritim Istanbul Insaat Anonim Sirketi	Turkey	Real estate	**100%**	90%
Mazaya Real Estate Turkey Gayrimenkul Yatirimlari Anonim Sirketi	Turkey	Real estate	**100%**	100%
Al Mazaya Lebanon Company- S.A.L (Holding)	Lebanon	Real estate	**99.85%**	99.85%
Grand Mazaya Real Estate Company W.L.L	KSA	Real estate	**99%**	99%
Al Mazaya Real Estate Development Company L.L.C	Oman	Real estate	**100%**	100%
Mazaya Al Ghad – S.P.C.	UAE	Real estate	**100%**	100%
Al Mazaya Prime for Project Management - W.L.L	State of Kuwait	Real estate	**99%**	99%
MedCell Medical Company - K.S.C. (a)	State of Kuwait	Medical services	**50%**	-

a) During the year ended December 31, 2021, the Parent Company established MedCell Medical Company - KSC (closed) (a subsidiary), and consolidated it in the consolidated financial statements as the Parent Company is represented by the majority of the subsidiary's board of directors members, which qualifies the Parent Company to have a control over this new subsidiary.

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

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

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

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

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

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

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

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. If the Group loses control over a subsidiary, it:

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

c) Current vs non-current classification:

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

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

The group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

d) Financial instruments:

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

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

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivable, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, Islamic bank facilities , lease liabilities and accounts payable.

d – 1) Financial assets:

d - 1/1) Classification of financial assets

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

Business model assessment

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

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

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

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

Initial recognition

Purchases and sales of those financial assets are recognized on settlement date – the date on which an asset is delivered to or by the Group. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

Derecognition

A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either

a) Has transferred substantially all the risks and rewards of ownership of the financial asset, or
b) Has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Measurement categories of financial assets

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

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

Debt instruments at amortized cost

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

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

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

Amortized cost and effective interest method

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

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

Cash and cash equivalents, and trade receivables are classified as debt instruments at amortized cost.

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

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

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

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

Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see above) are measured at FVTPL. Specifically:

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

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

d – 1/2) <u>Impairment of financial assets</u>

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

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

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship, where applicable.

In applying this forward-looking approach, the Group applies a three stage assessment to measuring ECL as follows:

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

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

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

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

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

d – 2) Financial liabilities:

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

Financial liabilities at amortized cost

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

- Accounts payable

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

- Borrowings

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

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

- Islamic bank facilities

  Islamic bank facilities represent tawarruq, ijara and musharaka facilities which represent the amounts due to pay for purchased assets on deferred basis as per the credit facility agreements. Their balances are reported with full credit balances after deducting finance charges amounts pertaining to future periods. Those finance charges are amortized on a time apportionment basis using effective cost method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between of the carrying amount of the liability before the modification; and the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

d – 3) Offsetting of financial assets and liabilities:

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

e) Inventory:

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

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

f) Properties held for trading:

Properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as properties held for trading and are measured at lower of cost or net realizable value.

Cost includes freehold and leasehold rights for land, amount paid to contractors for construction, borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated cost of sale. Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

The cost of properties held for trading recognized in consolidated statement of profit or loss on disposal is determined with reference to the specific cost incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Write down of properties held for trading is charged to other operating expenses.

g) Investment properties:

Investment properties comprise completed property, property under construction or re-development and rights to use real estate assets (Note 2 – v) that are held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment properties are stated at their fair value at the end of reporting period. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they arise.

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

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

h) Joint Arrangements:
The Group classifies its interests in joint arrangements as joint ventures depending on the Group's right to the assets and obligations for the liabilities of the arrangements.

a) Joint Ventures
A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investment in Joint Ventures is accounted based on equity method similar to associates.

b) Joint Operations
A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

i) Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell. Non-current assets once classified as held for sale are not depreciated or amortized. Assets classified as held for sale are presented separately as current items in the consolidated statement of financial position.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale when the criteria described above are met, and the Group ceases to apply the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the consolidated statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Non-current assets that cease to be classified as held for sale (or cease to be included in a disposal group classified as held for sale) are measured at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale, and

b) its recoverable amount at the date of the subsequent decision not to sell.

j) Business combinations and Goodwill

a) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and the resulting gain / loss is included in consolidated statement of profit or loss or other comprehensive income as appropriate.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IFRS 9: Financial Instruments. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting in incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

b) Goodwill:

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

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

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

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

k) Property, Plant and equipment:

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

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

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

	Years
Right of use assets	10
Medical tools and equipment	10
Computer equipment	3
Furniture and fixtures and others	5

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

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

l) Impairment of assets:

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

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

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

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

m) End of service indemnity:
Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employees' contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

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

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

p) Treasury shares:
Treasury shares consist of the Parent Company’s own shares that have been issued, subsequently reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders’ equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium respectively.

Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

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

q) Other reserve:
Other reserve is used to record the effect of changes in ownership interest in subsidiaries, without loss of control.

r) Share-based payment transaction:
The Group operates an equity-based payment plan to its employees. Under the terms of the plan, shares are granted to permanent employees. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of the shares is measured based on market prices available taking into account the terms and conditions upon which those shares were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

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

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

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

The Group recognizes revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:
- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining whether control of an asset has been transferred:
- The Group has a present right to payment for the asset.
- The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

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

Revenue for the Group arises from the following activities:

Sale of properties held for trading
Revenue is recognized when control over the property has been transferred to the customer either at a point in time or over time. The properties have generally no alternative use for the Group due to contractual restrictions, and control is deemed to be transferred to the customer during the development period when the Group had an enforceable right to payment for performance completed to date. Therefore, revenue is recognized and measured at the transaction price agreed under the contract according to the performance completed.

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

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

Management fees
Fees income earned from services provided over a period of time is recognized over this time.

Other income
Other income are recognized on an accrual basis.

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

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

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

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

Provisions are not recognized for future operating losses.

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

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

v) Leases:

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

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

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

Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a lease liability and a corresponding right-of-use asset with respect to all lease arrangements in which it is the lessee.

(i) Right to use assets:
The Group recognizes right to use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right to use assets includes the amount of lease liabilities recognized (which represents the present value of the lease payments to be made over the lease team discounted using lessee's increment borrowing rate at the commencement date of the lease contract), initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Subsequent to initial recognition, the right to use assets is measured in accordance with the accounting policy followed by the Group to measure similar assets.

Right of use assets that meet the definition of property, plant and equipment are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Rights to use assets that meet the definition of investment properties are recorded as investment properties for the Group and are measured at fair value which reflects the expected cash flows during the lease term that excludes the lease payments to be made over the lease term which is measured and included in the Group's liabilities within the consolidated statement of financial position.

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

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

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

(iv) Significant judgment in determining the lease term of contracts with renewal options:
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercise.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercises an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event of significant change in circumstance occurs which affects this assessment and that is within the control of the lessee.

w) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS):
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, National Labor Support Tax, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates and transfer to statutory reserve. No KFAS has been provided for since there was no eligible profit on which KFAS could be calculated for the year ended December 31, 2021.

x) National Labor Support Tax (NLST):
National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from associates listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations. No NLST has been provided for since there was no taxable profit on which NLST could be calculated for the year ended December 31, 2021.

y) Zakat:
Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Company's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations. No Zakat has been provided since there was no financial profit on which Zakat could be calculated for the year ended December 31, 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c) Properties held for trading
When the intention of the Group is to sell land in the ordinary course of business, the land is classified as properties held for trading.

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

- Allowance for expected credit losses
  The determination of expected credit losses and the factors determining the impairment of the receivable involve significant judgment.

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

- Business combinations
  At the time of Group's acquisition to subsidiaries, the Group considers whether the acquisition represents the acquisition of a business or of an asset (or a group of assets and liabilities). The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the assets. More specifically, consideration is made to the extent of which significant processes are acquired. The significance of processes requires significant judgment.

  Where the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of an asset (or a group of assets and liabilities). The cost of acquisition is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill or deferred tax is recognized.

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

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

- Material non-controlling interests
  The Parent Company's management considers any non-controlling interests which accounts for more than 10% of the related subsidiary's equity as material. Disclosures pertaining to those non-controlling interests are set out in (Note 19).

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

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

b) Estimates and assumptions

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

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

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

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

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

- Allowance for expected credit losses:
  The extent of allowance for expected credit losses involves estimation process. Allowance for expected credit losses is based on a forward looking ECL approach as explained in Note (5). Bad debts are written off when identified. The ECL allowance and write-down of accounts receivable are subject to management approval.

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

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

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

c) Formula based discounted cash flow is based on a series of projected free cash flows supported by the terms of any existing lease and other contracts and discounted at a rate that reflects the risk of the asset.

- Valuation of properties held for trading:
  Properties held for trading is stated at the lower of cost and net realizable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment. NRV in respect of Properties held for trading under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction, estimated costs to sell the property, and an estimate of the time value of money to the date of completion.

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

- Employee stock option plan
  The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for stock option plan transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

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

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

3. Cash and cash equivalents

	2021	2020
Cash on hand and at banks	**6,088,750**	5,077,780
Short term bank deposit (a)	**1,000,000**	2,000,000
Cash at portfolios	**-**	749
	7,088,750	7,078,529
Less: restricted cash and bank balances (b)	**(675,939)**	(688,792)
Cash and cash equivalents as represented for the consolidated statement of cash flows	**6,412,811**	6,389,737

a) The effective annual profit rate on short term bank deposits is 0.875% (2020 – 0.875%) per annum. Those deposits have contractual maturity of less than 30 days (2020 – 30 days).
b) Restricted bank balances represent escrow accounts restricted for receiving and making payments for specific construction activities and as collateral for some bank facilities of the Group (Note 14), which may not be available for use within 90 days.

4. Financial assets at fair value through profit or loss

	2021	2020
Unquoted equity securities	**394,447**	372,616

The financial assets above are denominated in the following currencies:

	2021	2020
Kuwaiti Dinar	**124,855**	105,497
Omani Riyal	**257,434**	257,466
US Dollar	**12,158**	9,653
	394,447	372,616

The valuation techniques and measurement levels of these financial assets are disclosed in (Note 29).

5. Accounts receivable and other debit balances

	2021	2020
Trade receivables (a)	**8,446,058**	11,077,074
Advance payments and other receivables	**11,308,986**	12,026,045
	19,755,044	23,103,119
Allowance for expected credit losses (b)	**(10,446,783)**	(12,255,245)
	9,308,261	10,847,874

a- Trade receivables:
Trade receivables are non-interest bearing and are generally due within 30 days.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, trade receivables have been assessed on a collective basis respectively and grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profile for transactions over the prior 48 months period as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer’s ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

	2021					
	Less than 30 days	31 – 60 days	61 – 90 days	91- 180 days	More than 180 days	Total
Expected credit loss rate	4.96%	9.91%	14.87%	29.67%	100%	**-**
Gross carrying amount	**5,481,428**	**138,132**	**149,844**	**349,471**	**2,327,183**	**8,446,058**
Allowances for expected credit loss	**271,879**	**13,689**	**22,282**	**103,688**	**2,327,183**	**2,738,721**

	2020					
	Less than 30 days	31 – 60 days	61 – 90 days	91- 180 days	More than 180 days	Total
Expected credit loss rate	3.91%	7.80%	14.60%	23.37%	100.00%	-
Gross carrying amount	7,844,747	144,917	509,608	419,329	2,158,473	11,077,074
Allowances for expected credit loss	306,730	11,300	74,402	97,997	2,158,473	2,648,902

b- Allowance for expected credit losses:

The movement in allowance for credit losses is as follows:

	Trade receivables	Other receivables	**2021**	2020
Balance at the beginning of the year	2,648,902	9,606,343	**12,255,245**	10,475,540
Effect of reclassification to assets classified as held for sale	(35,068)	-	**(35,068)**	-
Charge for the year	366,819	34,334	**401,153**	2,055,364
Allowance for expected credit losses no longer required	(196,812)	(1,910,883)	**(2,107,695)**	(240,534)
Foreign currency translation adjustments	(45,120)	(21,732)	**(66,852)**	(35,125)
Balance at the end of the year	2,738,721	7,708,062	**10,446,783**	12,255,245

6. Properties held for trading

The movement in properties held for trading is as follows:

	2021	2020
Balance at the beginning of the year	**6,910,313**	17,079,258
Additions	**367,418**	306,505
Disposals	**(544,096)**	(9,450,324)
Impairment loss on property held for trading	**(482,988)**	(838,351)
Foreign currency translation adjustments	**(22,465)**	(186,775)
Balance at the end of the year	**6,228,182**	6,910,313

Net realizable value for properties held for trading is based on valuations performed by independent valuers in compliance with the Executive Regulations of Capital Markets Authority regarding the valuation of real estate properties.

Properties held for trading mainly comprise of the following:

	2021	2020
Developed properties	**6,228,182**	6,910,313

Certain properties held for trading amounting to KD 4,372,246 (2020 – KD 4,532,434) are pledged as collateral against Islamic bank facilities (Note 14).

7. Assets classified as held for sale

On September 23, 2021, the Board of Directors of a subsidiary to the Group (First Dubai Real Estate Development Company K.S.C. (public)) approved the disposal of all the shares of Kuwaiti Saudi Real Estate Investment Company – O.P.C. (subsidiary to First Dubai Real Estate Development Company K.S.C. (public)) (subsidiary)) against cash and in kind consideration with a net amount of 15,500,000 Kuwaiti dinars .The assets and liabilities attributable to the subsidiary, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the statement of financial position.

The major items of assets and liabilities comprising the subsidiary under disposal which are classified as held for sale are as follows:

	2021
Assets:	
Cash on hand and at banks	**261,695**
Accounts receivable and other debit balances	**4,734**
Investment properties	**15,151,763**
Total Assets classified as held for sale	**15,418,192**
Liabilities:	
Accounts payable and other credit balances	**260,030**
Provision for end of service indemnity	**2,892**
Total liabilities associated with assets classified as held for sale	**262,922**
Net assets classified as held for sale	**15,155,270**

Certain investment properties with a carrying value amounting to KD 5,340,142 are pledged as collateral against Islamic bank facilities (Note 14).

The group has complied with the executive regulations of the Capital Markets Authority regarding investment property valuation guidelines. The fair value of the investment properties was arrived at by independent valuators unrelated to the group and certified with experience and professionalism using recognized valuation principles and methods. For the purposes of estimating the fair value of the investment properties, the valuers have used the income capitalization as the basis for valuing these properties that are used as commercial premises and fall under Level 3 fair value measurements.

The results of operation related to the subsidiary under disposal for the year are as follows :

	2021	2020
Revenue:		
Rental income	**609,417**	786,093
Net management fees and commission income	**19,293**	45,731
Total revenue	**628,710**	831,824
Costs:		
Cost of rental	**(146,017)**	(158,921)
Total Costs	**(146,017)**	(158,921)
Gross profit	**482,693**	672,903
Change in fair value of investment properties	**(28,833)**	(433,213)
General and administration expenses	**(12,988)**	(21,797)
Operating profit	**440,872**	217,893
Net other expenses	**(85,573)**	(427,516)
Profit (Loss) for the year from discontinued operations	**355,299**	(209,623)

8. Financial assets at fair value through other comprehensive income (“FVTOCI”)

	2021	2020
Unquoted equity securities	**8,913,947**	9,880,250
Investment funds	**1,455,048**	1,259,696
	10,368,995	11,139,946

Financial assets at FVTOCI amounting to KD 10,368,995 (2020 – KD 11,139,946) are pledged as collateral against Islamic bank facilities (Note 14).

The financial assets above are denominated in the following currencies:

	2021	2020
Kuwaiti Dinar	**8,913,947**	9,880,250
US Dollar	**1,455,048**	1,259,696
	10,368,995	11,139,946

The valuation techniques and measurement levels of these financial assets are disclosed in (Note 29).

9. Property, plant and equipment

	Right of use assets (a)	Medical tools and equipment	Computers and software	Furniture and fixtures and others	Total
Cost :					
At January 1, 2020	-	-	1,173,526	1,311,532	2,485,058
Additions	-	-	10,961	48,278	59,239
Foreign currency translation adjustments	-	-	207	(56,097)	(55,890)
At December 31, 2020	-	-	1,184,694	1,303,713	2,488,407
Additions	-	828,770	148,048	199,022	1,175,840
Transferred from investment properties (a) (Note 10)	1,499,155	-	-	-	1,499,155
Disposals	-	-	-	(123,852)	(123,852)
Foreign currency translation adjustments	-	-	(140)	(78,427)	(78,567)
At December 31, 2021	**1,499,155**	**828,770**	**1,332,602**	**1,300,456**	**4,960,983**
Accumulated depreciation:					
At January 1, 2020	-	-	1,034,208	910,166	1,944,374
Charge for the year	-	-	110,387	51,324	161,711
Foreign currency translation adjustments	-	-	13	8,841	8,854
At December 31, 2020	-	-	1,144,608	970,331	2,114,939
Charge for the year	-	41,671	42,535	66,299	150,505
Related to disposals	-	-	-	(6,583)	(6,583)
Foreign currency translation adjustments	-	-	(10)	(25,759)	(25,769)
At December 31, 2021	-	**41,671**	**1,187,133**	**1,004,288**	**2,233,092**
Net book value					
At December 31, 2020	-	-	40,086	333,382	373,468
At December 31, 2021	**1,499,155**	**787,099**	**145,469**	**296,168**	**2,727,891**

a) During the year ending on December 31, 2021, the Group transferred right of use real estate assets amounting KD 1,499,155 from investment properties to property, plant and equipment, as these properties are used in the activity by one of the subsidiaries (Note 10).

10. Investment properties

	2021	2020
Balance at the beginning of the year	**168,806,596**	171,152,381
Additions	**342,486**	3,643,984
Reclassification to assets classified as held for sale	**(15,232,258)**	-
Transfer to property, plant and equipment (Note 9)	**(1,499,155)**	-
Disposals	**(850,000)**	-
Change in fair value	**(1,554,122)**	(4,076,282)
Foreign currency translation adjustments	**(4,085,135)**	(1,913,487)
Balance at the end of the year	**145,928,412**	168,806,596

Investment properties mainly compromise the following:

	2021	2020
Land	**31,278,748**	32,343,721
Developed properties	**100,935,468**	119,987,974
Rights of use real estate assets	**13,714,196**	16,474,901
	145,928,412	168,806,596

The Group has complied with the Executive Regulations of Capital Markets Authority regarding the valuation of investment properties. Valuation of investment properties was conducted by independent appraisers with recognized and relevant professional qualification using recognized valuation techniques and principles.
In estimating the fair value of investment properties, the valuers had used the valuation techniques listed in the following schedule and had considered the nature and usage of the investment properties:

			2021	
Class of investment property	Valuation technique	Level 2	Level 3	Total
Lands	Comparable market prices	**31,278,748**	**-**	**31,278,748**
Residential buildings	Comparable market prices	**7,732,259**	**-**	**7,732,259**
Residential buildings	Income capitalization	**-**	**34,477,085**	**34,477,085**
Commercial complexes	Income capitalization	**-**	**52,614,658**	**52,614,658**
Commercial complexes	Comparable market prices	**6,111,466**	**-**	**6,111,466**
Rights of use real estate assets	Discounted cash flows	**-**	**13,714,196**	**13,714,196**
Total		**45,122,473**	**100,805,939**	**145,928,412**

			2020	
Class of investment property	Valuation technique	Level 2	Level 3	Total
Lands	Comparable market prices	32,343,721	-	32,343,721
Residential buildings	Comparable market prices	8,997,926	-	8,997,926
Residential buildings	Income capitalization	-	34,661,181	34,661,181
Commercial complexes	Income capitalization	-	68,457,573	68,457,573
Commercial complexes	Comparable market prices	7,871,294	-	7,871,294
Rights to use real estate assets	Discounted cash flows	-	16,474,901	16,474,901
Total		49,212,941	119,593,655	168,806,596

Certain investment properties amounting to KD 108,124,045 (2020 - KD 113,514,936) are pledged as collateral against Islamic bank facilities (Note 14).

11. Goodwill

Goodwill represents excess of consideration paid for acquisition of First Dubai Real Estate Development Company K.S.C.P. shares over and above the fair value of the identifiable assets and liabilities. The management assessed the carrying value of goodwill for impairment and did not notice indications for impairment loss as at December 31, 2021.

12. Accounts payable and other credit balances

	2021	2020
Trade payables	**4,407,556**	5,829,081
Retention payables to contractors	**949,733**	952,061
Dividends payable to shareholders	**237,851**	241,192
Other payables and accrued expenses	**7,341,241**	7,670,722
	12,936,381	14,693,056

Classified as:

	2021	2020
Current portion	**7,012,011**	6,585,631
Non-current portion	**5,924,370**	8,107,425
	12,936,381	14,693,056

13. Lease liabilities

The movement of the lease liabilities during the year are as follows:

	2021	2020
Balance at the beginning of the year	**13,069,660**	13,949,222
Amortization of finance costs related to lease liabilities	**603,228**	657,938
Payments	**(1,770,000)**	(1,537,500)
Balance at the end of the year	**11,902,888**	13,069,660

Lease liabilities can be presented as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2021	2020	**2021**	2020
Leases liabilities:				
Within one year	**1,917,500**	1,917,500	**1,372,613**	1,314,272
Remaining liability till end of lease term	**12,238,000**	14,008,000	**10,530,275**	11,755,388
Total lease liabilities	**14,155,500**	15,925,500	**11,902,888**	13,069,660
Less: Unamortized future finance charge	**(2,252,612)**	(2,855,840)	**-**	-
Present value of minimum lease payments	**11,902,888**	13,069,660	**11,902,888**	13,069,660

The average lease term is 10 years and the average effective borrowing rate is 5% for the year ended December 31, 2021 (2020 – 5%) All leases are on a fixed repayment basis and no arrangements have been entered into for additional contingent rental payments.

14. Islamic bank facilities

These facilities represent tawarruq, ijara and musharaka facilities as follows:

	Tawarruq facilities		Ijara and musharaka facilities		Total	
	2021	2020	**2021**	2020	**2021**	2020
Gross payable amount	**91,904,765**	93,567,457	**5,607,535**	5,677,073	**97,512,300**	99,244,530
Less: Unamortized future finance charge	**(730,352)**	(899,831)	**(315,829)**	(326,467)	**(1,046,181)**	(1,226,298)
Carrying value	**91,174,413**	92,667,626	**5,291,706**	5,350,606	**96,466,119**	98,018,232

Classified as:

	Due date	Currency	Current		Non – current		Total	
			2021	2020	**2021**	2020	**2021**	2020
Tawarruq facilities from local banks carrying average finance cost rate of 2.75% (2020 – 2.5 %) above CBK discount rate	Various maturities ended at March 2029	Kuwait Dinars	**3,554,802**	16,165,000	**85,075,547**	73,587,763	**88,630,349**	89,752,763
Tawarruq facilities from foreign bank carrying average finance cost rate of 3.16% (2020 – 3.27%).	March 2022	US Dollars	**2,544,065**	364,255	**-**	2,550,607	**2,544,065**	2,914,862
Musharaka facilities from foreign bank carrying average finance cost rate of 5.75% (2020 – 5.75%).	December 2029	Omani Rial	**-**	-	**4,593,101**	4,610,297	**4,593,101**	4,610,297
Ijara facilities from foreign banks carrying average finance cost rate 5.75% (2020 – 5.75%).	August 2033	UAE Dirhams	**45,153**	44,725	**653,451**	695,585	**698,604**	740,310
			6,144,020	16,573,980	**90,322,099**	81,444,252	**96,466,119**	98,018,232

Islamic bank facilities are secured by pledging the following in favor of the lending banks:

	2021	2020
Restricted bank balances (Note 3)	**514,257**	504,907
Investment in shares owned by the Parent Company in one of Group's subsidiaries	**67,303,567**	35,511,487
Properties held for trading (Note 6)	**4,372,246**	4,532,434
Financial assets at FVTOCI (Note 8)	**10,368,995**	11,139,946
Investment properties (Note 7, 10)	**113,464,187**	113,514,936
	196,023,252	165,203,710

15. Share Capital

The authorized, issued and paid up capital consist of 629,559,816 shares (2020 – 688,278,956 shares) with a nominal value of 100 fils each and all shares are in cash.

During the year ended December 31, 2021, the Parent Company reduced the capital from KD 68,827,896 to KD 62,955,982 (Note 25).

16. Treasury shares

	2021	2020
Number of shares (share)	**5,600**	59,331,584
Percentage of issued shares (%)	**0.001**	8.62
Market value (KD)	**426**	3,370,034
Cost (KD)	**1,777**	18,819,349

The Group's management has allotted an amount equal to treasury shares balance from share premium liabilities at the date of the consolidated financial statements. Such amount will not be available for distribution during treasury shares holding period.

17. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat and Board of Directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

18. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the Shareholders' Annual General Assembly of the Parent Company upon recommendation by the Board of Directors. In accordance to the Board of Directors meeting held on February 3, 2022, a recommendation was made to the Ordinary General Assembly of the shareholders of the Parent Company to not to transfer any percentage to the voluntary reserve account.

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

Subsidiaries with major non - controlling interests which are material to the Group is as follows:

Name of subsidiary	Country of incorporation	Principal Activities	Ownership percentage held by the NCI 2021	Ownership percentage held by the NCI 2020	Carrying value for NCI in an a subsidiary 2021	Carrying value for NCI in an a subsidiary 2020
First Dubai Real Estate Development Company K.S.C.P	State of Kuwait	Real Estate Development	**10.77%**	10.09%	**9,738,385**	9,092,572

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

First Dubai Real Estate Development Company K.S.C.P

Summarized consolidated statement of financial position

	2021	2020
Current assets	**12,498,404**	12,451,018
Current liabilities	**(1,212,653)**	(846,325)
Net current assets	**11,285,751**	11,604,693
Non-current assets	**85,626,661**	85,539,530
Non-current liabilities	**(6,450,491)**	(7,029,575)
Net non-current assets	**79,176,170**	78,509,955
Net assets	**90,461,921**	90,114,648
Ownership interest held by the NCI	**10.77%**	10.09%
Non-controlling interests	**9,738,385**	9,092,572

Summarized consolidated statement of profit or loss and other comprehensive income

	2021	2020
Profit for the year	**816,298**	295,010
Other comprehensive loss	**(466,705)**	(675,971)
Total comprehensive income (loss)	**349,593**	(380,961)
Total comprehensive income (loss) attributable to NCI	**37,634**	(38,439)

20. Revenue

The Group's revenue disaggregated by primary geographical markets is as follows:

	2021			
	Revenue from sale of properties held for trading	Rental Income	Medical services income	Total
Continuing operations				
State of Kuwait	**-**	**7,219,400**	**2,856,562**	**10,075,962**
United Arab Emirates	**533,004**	**1,525,400**	**-**	**2,058,404**
Oman	**14,611**	**215,021**	**-**	**229,632**
Turkey	**-**	**247,607**	**-**	**247,607**
Bahrain	**-**	**350,532**	**-**	**350,532**
	547,615	**9,557,960**	**2,856,562**	**12,962,137**
Discontinued operations				
Kingdom of Saudi Arabia	**-**	**609,417**	**-**	**609,417**
	-	**609,417**	**-**	**609,417**
Total	**547,615**	**10,167,377**	**2,856,562**	**13,571,554**

	2020		
	Revenue from sale of properties held for trading	Rental Income	Total
Continuing operations			
State of Kuwait	-	5,751,009	5,751,009
United Arab Emirates	7,778,998	1,969,313	9,748,311
Oman	128,307	206,982	335,289
Turkey	1,999,234	269,141	2,268,375
Bahrain	-	386,035	386,035
	9,906,539	8,582,480	18,489,019
Discontinued operations			
Kingdom of Saudi Arabia	-	786,093	786,093
	-	786,093	786,093
Total	9,906,539	9,368,573	19,275,112

21-. Net (loss) profit on financial assets

	2021	2020
Dividend income	**-**	275,623
Unrealized gain (loss) from changes in fair value of financial assets at FVTPL	**21,831**	(116,703)
Realized loss on sale of financial assets at FVTPL	**-**	(25,803)
Portfolios' management fees	**(60,514)**	(34,784)
	(38,683)	98,333

22. Net other income (expenses)

This caption includes allowance for expected credit losses for trade receivable amounting to KD 366,819 (2020 – KD 777,384), In addition, this caption includes also net current and deferred taxes for the Parent Company's subsidiaries amounting to KD 266,997 (2020 – KD 32,431).

This caption includes also provisions no longer required amounting to KD 2,107,695 (2020 – KD 240,534), this amount mainly includes provisions no longer required amounting to KD 1,844,305 (2020 – provisions for legal claims amounting to KD 1,244,433) which relates to lawsuits filed during the fiscal year ending on December 31, 2020 by two subsidiaries of the group before the courts of the Emirate of Dubai in the United Arab Emirates against some investors regarding the development of real estate projects in the Emirate of Dubai in the United Arab Emirates. During the fiscal year ended December 31, 2021, the Court of Cassation upheld the judgment issued by the Court of Appeal, which had previously upheld the judgment of the Court of First Instance issued in favor of the two subsidiaries of the group about their entitlement to a total amount of AED 19,780,852, in addition to the legal interest of 9% from the date of the judicial claim till full payment, whereby the entitlement of those subsidiaries including the legal interest until December 31, 2021 had amounted to AED 22,401,016 (equivalent to KD 1,844,305). During the year, those subsidiaries of the group initiated legal execution procedures against those investors, which include seizing their bank balances, and real estate properties in the United Arab Emirates to be liquidated against the fulfillment of that judgment along with its legal interest. The fair value of those properties under legal execution procedures for those investors is exceeding 300% of the amounts owed to those subsidiaries of the Group based on the Court of Cassation verdict, which makes the collection of those amounts highly probable due to that high coverage ratio of the value of those properties under execution procedures relative to the amount ruled by the Court in favor of those subsidiaries, and hence, the management of those subsidiaries had decided to reverse the provisions recorded in their books against their full entitled amount according to the Court's verdict including the legal interest up till December 31, 2021 which is reported as provisions no longer required in the consolidated statement of profit or loss.

In addition, there is a lawsuit filed against one of the Group's subsidiaries in the United Arab Emirates where the opponent was claiming for an amount of AED 17,277,295 (equivalent to KD 1,422,462) for settlement of accounts between both parties. During the fiscal year ended December 31, 2019, the First Degree Court had ruled against that subsidiary to pay an amount of AED 5,000,000 (equivalent to 411,657 Kuwaiti dinars) to the opponent. The subsidiary had appealed against this verdict before the Court of Appeal and recorded a full provision for conservatism purposes until the final ruling by the Courts. The case is still in progress with the Court of Appeal up till the reporting date of the accompanying consolidated financial statements.

23. Basic and diluted earnings (loss) per share

Basic earnings (loss) per share:

The information necessary to calculate basic earnings (loss) per share based on the weighted average number of shares outstanding during the year is as follows:

	2021	2020
Profit (loss) for the year attributable to equity holders of the Parent Company from Continuing operations	**50,809**	(8,267,152)
Profit (loss) for the year attributable to equity holders of the Parent Company from Discontinued operations	**355,299**	(209,623)
Profit (Loss) for the year attributable to equity holders of the Parent Company	**406,108**	(8,476,775)
Number of shares outstanding:		
Number of issued shares at beginning of the year	**688,278,956**	688,278,956
Less: Weighted average number of treasury shares including capital reduction	**(58,781,268)**	(60,146,685)
Weighted average number of shares outstanding	**629,497,688**	628,132,271
	Fils	Fils
Basic earnings (loss) per share attributable to shareholders of the Parent Company from Continuing operations	**0.08**	(13.17)
Basic earnings (loss) per share attributable to shareholders of the Parent Company from Discontinued operations	**0.57**	(0.33)
Basic earnings (loss) per share	**0.65**	(13.50)

Diluted earnings (loss) per share:

Diluted earnings (loss) per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume allotment of all dilutive potential ordinary shares, and to adjust the profit (loss) for the year with the assumed effect of those potential dilutive shares had they been issued.

	2021	2020
Profit (loss) for the year attributable to equity holders of the Parent Company from Continuing operations	**50,809**	(8,267,152)
Profit (loss) for the year attributable to equity holders of the Parent Company from Discontinued operations	**355,299**	(209,623)
Profit (loss) for the year attributable to equity holders of the Parent Company	**406,108**	(8,476,775)
Number of shares outstanding:		
Weighted average number of shares outstanding used in calculating basic earnings (loss) per share	**629,497,688**	628,132,271
Adjustment for share options	**-**	606,843
Weighted average number of shares for diluted earnings (loss) per share	**629,497,688**	628,739,114
	Fils	Fils
Diluted earnings (loss) per share attributable to shareholders of the Parent Company from Continuing operations	**0.08**	(13.15)
Diluted earnings (loss) per share attributable to shareholders of the Parent Company from Discontinued operations	**0.57**	(0.33)
Diluted earnings (loss) per share	**0.65**	(13.48)

24. Related party disclosures

The Group has entered into various transactions with related parties, i.e. Major shareholders, Board of directors, executives of the group, key management personnel, associate, entities under common control and other related parties. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the consolidated statement of financial position:

	Key management personnel	2021	2020
Accounts receivable and other debit balances	-	**-**	140,371
Accounts payable and other credit balances	165,718	**165,718**	90,000
Lease liabilities	3,617,859	**3,617,859**	3,973,687
Transactions included in the consolidated statement of profit or loss:			
Management fees income	-	**-**	125,157
Rental revenue	5,744	**5,744**	-
Amortization of finance costs related to lease liabilities	(184,171)	**(184,171)**	(200,751)

During the year ended December 31,2020, a property accounted for by the Group as a leased property under IFRS 16 has been acquired by a board member from its previous owner. Based on that, the Group's lease liability towards that property had been reassigned towards the new owner under the same terms and conditions of the original contractual lease terms with the old owner for the remaining lease term which ends on August 2029. During the year ended December 31,2020 an amount of KD 540,000 was paid for lease liability for that property. The amounts recognized for this lease liability as of December 31, 2021 that compose part of the Groups' consolidated lease liabilities can be presented as follows:

	2021	2020
Lease liability within one year	**585,000**	585,000
Remaining liability till end of lease term	**3,753,000**	4,293,000
Total lease liability	**4,338,000**	4,878,000
Less: Unamortized future finance charge	**(720,141)**	(904,313)
Present value of minimum lease payments	**3,617,859**	3,973,687

Key Management personnel	**2021**	2020
Short term benefits	**515,715**	529,398
End of service indemnity	**58,649**	56,566
Share-based payments	**-**	22,608
BOD committees' remuneration	**70,000**	70,000
	644,364	678,572

During the year ended December 31,2021, the Parent Company has recognized an expense amounting to KD Nil (2020 - KD 22,608) relating to equity-settled share-based payment transactions to its employees. During the year, eligible employees had exercised their share options with 606,844 shares, and these shares were issued from treasury shares held with the Group against closing the entire balance of the employee stock options reserve and part of the statutory reserve, in accordance with the instructions of the Capital Markets Authority.

Some Key management and their relatives own 50% of one of the Group's subsidiaries (MedCell Medical Company – K.S.C. (closed)) (note 2-b).

Related party transactions are subject to the Shareholders' Annual General Assembly of the Parent Company.

25. Board of Directors recommendations and Shareholders' Annual General Assembly of the parent company

The Board of Directors' meeting held on February 3, 2022 recommended the following:

- Not to distribute dividends or bonus shares for the year ended December 31, 2021.
- Not to pay remuneration to the Board of Directors for the year ended December 31, 2021.

These recommendations are subject to the approval of the Shareholders' General Assembly of the Parent Company.

The Shareholders Annual General Assembly Meeting held on February 22, 2021 had approved the consolidated financial statements for the year ended December 31, 2020 and approved the following:

- Not to distribute cash dividend or bonus share and not to pay Board of Directors remuneration for the year ended December 31, 2020.
- To set-off the total accumulated losses balance amounted to KD 3,733,833 representing 5.42% from share capital as at December 31, 2020 by reducing the balance of share premium from KD 21,655,393 to KD 17,921,560.

The Parent Company's Shareholders' Extraordinary General Assembly meeting, held on April 25, 2021, approved the cancellation of 58,719,140 direct treasury shares amounting to KD 18,625,088, by reducing the Parent Company's capital from KD 68,827,896 to KD 62,955,982, which is equivalent to the nominal value of direct treasury shares that amounts to KD 5,871,914 in addition to the reduction of the statutory reserve by KD 12,753,174. This transaction was notarized in the Parent Company's commercial registry on June 8, 2021.

26. Segment reporting

For management purposes, the Group is divided into four main geographical segments that are: State of Kuwait, United Arab Emirates (UAE), Kingdom of Saudi Arabia (KSA), Turkey in addition to other segments, where the Group performs its main activities in the real estate segment. The Group's segment in the Kingdom of Saudi Arabia was reclassified to assets and liabilities classified as held for sale and discontinued operations (Note 7). There is no income generating transactions between the Group's segments.

	2021					
	Kuwait	UAE	KSA	Turkey	Others	Total
Continuing operations:						
Revenue	**10,336,501**	**2,076,460**	**-**	**247,607**	**579,887**	**13,240,455**
Cost of revenue	**(3,197,013)**	**(1,131,901)**	**-**	**(204,828)**	**(203,155)**	**(4,736,897)**
Impairment loss on properties held for trading	**-**	**(475,390)**	**-**	**-**	**(7,598)**	**(482,988)**
Change in fair value of investment properties	**(2,000,827)**	**(1,492,443)**	**-**	**2,177,629**	**(238,481)**	**(1,554,122)**
General and administrative & selling and marketing expenses	**(2,556,641)**	**(831,107)**	**-**	**(125,759)**	**(63,388)**	**(3,576,895)**
Net other (expenses) income	**(80,534)**	**2,577,780**	**-**	**(124,549)**	**(77,876)**	**2,294,821**
Finance cost	**(3,799,845)**	**(53,326)**	**-**	**-**	**(262,552)**	**(4,115,723)**
Others	**(641,911)**	-	**-**	**-**	**-**	**(641,911)**
Segment (loss) profit from continuing operations	**(1,940,270)**	**670,073**	**-**	**1,970,100**	**(273,163)**	**426,740**
Segment profit from discontinued operations	**-**	**-**	**355,299**	**-**	**-**	**355,299**
Segment (loss) profit	**(1,940,270)**	**670,073**	**355,299**	**1,970,100**	**(273,163)**	**782,039**
Total segment assets	**89,181,844**	**73,154,374**	**15,418,192**	**6,654,611**	**15,348,742**	**199,757,763**
Total segment liabilities	**110,636,100**	**7,520,818**	**262,922**	**238,631**	**4,743,560**	**123,402,031**

	2020					
	Kuwait	UAE	KSA	Turkey	Others	Total
Continuing operations:						
Revenue	5,795,655	9,991,480	-	2,268,375	659,410	18,714,920
Cost of revenue	(1,113,332)	(8,258,196)	-	(2,118,966)	(240,016)	(11,730,510)
Impairment loss on properties held for trading	-	(336,063)	-	-	(502,288)	(838,351)
Share of result from associate	(474,452)	-	-	-	-	(474,452)
Change in fair value of investment properties	(2,757,704)	(351,378)	-	(119,921)	(414,066)	(3,643,069)
General and administrative & selling and marketing expenses	(2,493,194)	(940,330)	-	(166,117)	(72,157)	(3,671,798)
Net other (expenses) income	(101,110)	(1,120,772)	-	23,115	(60,413)	(1,259,180)
Finance cost	(4,445,796)	(62,062)	-	(135,580)	(304,035)	(4,947,473)
Others	(387,411)	-	-	-	-	(387,411)
Segment loss from continuing operations	(5,977,344)	(1,077,321)	-	(249,094)	(933,565)	(8,237,324)
Segment loss from discontinued operations	-	-	(209,623)	-	-	(209,623)
Segment loss	(5,977,344)	(1,077,321)	(209,623)	(249,094)	(933,565)	(8,446,947)
Total segment assets	91,030,766	75,958,344	15,467,165	9,445,488	15,881,789	207,783,552
Total segment liabilities	112,538,666	10,019,593	282,755	295,569	4,740,634	127,877,217

27. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, financial assets at FVTPL, accounts receivable, financial assets at FVTOCI, accounts payable, lease liabilities and Islamic bank facilities and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Interest rate, profit rate and finance cost risks

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, profit rates, and finance cost with all other variables held constant, on the Group's profit:

	2021		
	Increase (Decrease) in interest rate / cost	Balance	Effect on consolidated statement of profit or loss
Term deposit	**± 0.5%**	**1,000,000**	**± 5,000**
Islamic bank facilities	**± 0.5%**	**96,466,119**	**± 482,331**
			± 487,331

	2020		
	Increase (Decrease) in interest rate / cost	Balance	Effect on consolidated statement of profit or loss
Term deposit	± 0.5%	2,000,000	± 10,000
Islamic bank facilities	± 0.5%	98,018,232	± 490,091
			± 500,091

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalent and receivables. The Group's cash is placed with high credit rating financial institutions. Receivables is presented net of allowance for expected credit losses.

Cash and cash equivalent

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

Accounts receivable

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

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

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

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers.

The following table presents the Group's maturity analysis of the financial liabilities:

	2021			
	Less than 1 year	**1-2 years**	**More than 2 years**	**Total**
Accounts payable and other credit balances	**7,012,011**	**3,874,757**	**2,049,613**	**12,936,381**
Lease liabilities	**1,372,613**	**1,388,007**	**9,142,268**	**11,902,888**
Islamic bank facilities	**6,144,020**	**3,369,604**	**86,952,495**	**96,466,119**
Total	**14,528,644**	**8,632,368**	**98,144,376**	**121,305,388**

	2020			
	Less than 1 year	1-2 years	More than 2 years	Total
Accounts payable and other credit balances	6,585,631	6,389,444	1,717,981	14,693,056
Lease liabilities	1,314,272	1,225,112	10,530,276	13,069,660
Islamic bank facilities	16,573,980	7,025,332	74,418,920	98,018,232
Total	24,473,883	14,639,888	86,667,177	125,780,948

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments.

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

	2021	
	Increase (decrease) against Kuwaiti Dinar	**Effect on consolidated statement of profit or loss**
United Arab Emirates Dirham	**±5%**	**± 122,986**
Turkish Lira	**±5%**	**± 29,473**
Omani Riyal	**±5%**	**± 212,133**
		± 364,592

	2020	
	Increase (decrease) against Kuwaiti Dinar	Effect on consolidated statement of profit or loss
United Arab Emirates Dirham	±5%	± 41,394
Turkish Lira	±5%	± 70,142
Omani Riyal	±5%	± 202,867
		± 314,403

e) Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio and are continuously monitored. Currently, these risks do not have a significant impact in the Group.

28. Fiduciary accounts

The fiduciary accounts resulted from the Group's management for projects on behalf of others which are not reflected in the consolidated financial statements include balances amounting to KD 220,452 (2020 – KD 220,883)

29. Fair value measurement

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

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

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

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

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

The following table shows an analysis of the financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

	2021		
	Level 2	Level 3	Total
Financial assets at FVTPL	**-**	**394,447**	**394,447**
Financial assets at FVTOCI	**1,455,048**	**8,913,947**	**10,368,995**
Investment properties (a)	**45,122,473**	**115,957,702**	**161,080,175**
Total	**46,577,521**	**125,266,096**	**171,843,617**

	2020		
	Level 2	Level 3	Total
Financial assets at FVTPL	-	372,616	372,616
Financial assets at FVTOCI	1,259,696	9,880,250	11,139,946
Investment properties	49,212,941	119,593,655	168,806,596
Total	50,472,637	129,846,521	180,319,158

a) Investment properties include all the properties included under assets classified as held for sale.

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

The management assessed that the fair values of cash and cash equivalent, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

a) The fair values of the quoted notes and bonds are based on price quotations at the reporting date.
b) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
c) The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent accredited valuers having experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment and for the fair value details of investment properties are mentioned in Note (10).

Movements in level 3 assets during the current and previous financial year are set out below:

	Financial assets ("FVTPL")	Financial assets ("FVTOCI")	Investment properties (a)	Total
Balance as at January 1, 2020	777,853	-	131,559,917	132,337,770
Additions	-	-	473,359	473,359
Disposals	(298,164)	-	-	(298,164)
Transferred from investment in associate	-	9,735,533	-	9,735,533
Transferred to other levels(b)	-	-	(9,600,087)	(9,600,087)
Losses recognised in consolidated statement of profit or loss	(107,073)	-	(2,884,556)	(2,991,629)
Gain recognised in consolidated statement of other comprehensive income	-	144,717	45,022	189,739
Balance as at 31 December 2020	372,616	9,880,250	119,593,655	129,846,521
Transferred to Property, plant and equipment	-	-	(1,499,155)	(1,499,155)
Additions	-	-	340,599	340,599
Gains (Losses) recognised in consolidated statement of profit or loss	21,831	-	(2,320,665)	(2,298,834)
Losses recognised in consolidated statement of other comprehensive income	-	(966,303)	(156,732)	(1,123,035)
Balance as at 31 December 2021	**394,447**	**8,913,947**	**115,957,702**	**125,266,096**

a) Investment properties include all the properties included under assets classified as held for sale.

b) During the comparative year ended December 31, 2020, one of the Group's subsidiaries had changed the valuation technique for its investment properties measured at fair value of TRL 185,648,200 (equivalent to KD 7,559,131) as of December 31, 2020, from income approach under level 3 to comparative market approach under level 2, as the independent valuator considered the comparative market approach is the appropriate method to be used this year to reflect the nearest real fair value for these investment properties due to the high fluctuations in properties rental rates and prices as well as the disparity in discount rates as a result of the outbreak of COVID-19 pandemic during the comparative year ended December 31, 2020.

Following are the unobservable inputs and sensitivity analysis for the assets measured under level 3:

a) Financial assets:

	Fair value as of		Valuation methods and main inputs	Significant unobservable inputs	Sensitivity of unobservable inputs to fair value
	2021	2020			
Financial assets at FVTPL	**394,447**	372,616	Price multiples	Illiquidity discount from 40% to 45%	The increase (decrease) of illiquidity discount by 5% would (increase) decrease fair value by KD 19,722
Financial assets at FVTOCI	**8,913,947**	9,880,250	Adjusted book value	Illiquidity discount from 20% to 25%	The increase (decrease) of illiquidity discount by 5% would (increase) decrease fair value by KD 445,697

b) Non-financial assets:

	Fair value as of		Valuation methods and main inputs	Significant unobservable inputs	Sensitivity of unobservable inputs to fair value
	2021	2020			
Investment properties (a)	**102,243,506**	103,118,754	Income approach	Capitalization rate from 5% to 9% according to the nature and property location and current rentals earned from the properties and the expected rentals for temporary vacancies	The increase (decrease) in the capitalization rate the (decrease) increase in the property's fair value, assuming all other factors remain constant.
Investment properties	**13,714,196**	16,474,901	Discounted cash flows	Discount rate from 7.5% to 9.5%, vacancy rates from 5% to 10% as per the property nature and its expected occupancy, and a growth rate from 3% to 5%	The increase (decrease) in the discount and vacancy rates, the (decrease) increase in the properties' fair value, assuming all other factors remain constant. The increase (decrease) in the growth rate, the increase (decrease) in the properties' fair value, assuming all other factors remain constant.

a) Investment properties include all the properties included under assets classified as held for sale.

30. Capital Risk Management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns and benefits for shareholders and to maintain an optimal capital resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of cash dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay facilities or obtain additional facilities.

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

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

	2021	2020
Islamic bank facilities	**96,466,119**	98,018,232
Less: cash and cash equivalents	**(7,088,750)**	(7,078,529)
Net debt	**89,377,369**	90,939,703
Total equity	**76,355,732**	79,906,335
Total capital resources	**165,733,101**	170,846,038
Gearing Ratio	**53.93%**	53.23%

31. Impact of COVID-19

The recent outbreak of the coronavirus (“COVID-19”) across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at December 31, 2021.

(i) Credit risk management

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

The uncertainties caused by COVID-19 required the Group to consider the impact of volatility in the forward-looking macro-economic factors considered for the determination of expected credit losses (“ECLs”) as at December 31, 2021. For its international operations, the Group updated the relevant forward-looking information relating to the macroeconomic environment used to determine the likelihood of credit losses, relative to the economic climate of the respective market in which they operate, Accordingly, The Group had concluded that these factors do not have material impact that requires any adjustment on the assumption of expected credit losses.

Further information on the Group’s policy in relation to expected credit losses is disclosed in (Note 5).

(ii) Liquidity risk management

In response to the COVID 19 outbreak, the Group is closely evaluating its liquidity and funding position and taking appropriate actions. The Group will continue to assess its liquidity position by closely monitoring its cash flows and forecasts.

(iii) 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, which represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Group has assessed whether the fair values of the financial assets and liabilities represents the price that would be achieved for transactions between market participants in the current scenario.

Further information on the Group’s policy in relation to fair value measurements is disclosed in (Note 29).

(iv) Fair value measurement of non-financial instruments (properties held for trading, investment properties, investment in associate)

As at the reporting date, the Group has identified impact on the carrying values of its non-financial assets as at December 31, 2021 due to impact of COVID-19 arising from an impact on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at December 31, 2021. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the consolidated financial statements, Accordingly, The Group had concluded that these factors do not have material impact on the fair value measurement of non-financial instruments.

(v) Going concern

The Group has performed an assessment on its ability to continue as a going concern considering current economic conditions and all available information about future risks and uncertainties. The projections have been prepared to cover the Group's future performance, capital and liquidity requirements. The impact of COVID-19 may continue to evolve, but currently, the projections show that the Group has the required resources to continue in operations on a going concern, such position that remains significantly unaffected and unchanged since December 31, 2020. As a result, those consolidated financial statements have been prepared on a going concern basis.

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