Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated Financial Statements and Independent Auditor's Report
For the year ended 31 December 2019

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Independent Auditor's Report

To the Shareholders of Dar Al-Thuraya Real Estate Co. 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 Dar Al-Thuraya Real Estate Co. K.S.C. (Public) ("the Parent Company") and its subsidiaries, ("the Group") which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of income, consolidated statement of income and other comprehensive income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the financial 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. 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 these requirements and the above IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Valuation of investment properties	How our audit addressed the matter
The Group's investment properties represent significant part of the total assets that are recorded at fair value as at 31 December 2019 determined by external real estate independent valuers. Determination of fair value of investment properties mainly depends on estimates and assumptions such as market knowledge and average market price of similar properties. Disclosures related to assumptions and estimates and policy of investment property recognition and measurement are presented in accounting policies section in the notes to the consolidated financial statements. Due to size and complexity of performing audit on investment properties, and importance of the disclosures related to assumptions used in valuation, we determined this matter as a key audit matter.	Our performed audit procedures included verifying assumptions and estimates made by the Group's management, and appropriateness of relevant data supporting valuations of the external valuers. Such procedures included, as appropriate, comparing judgments made concerning current and emerging practices, and verifying the valuations on a sample basis. We also reviewed the Group's valuation of whether there is an indication of impairment of local properties. Moreover, we valuated appropriateness of disclosures related to assumptions sensitivity in note 10 to the consolidated statements.

Independent auditor's report (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises information included in the annual report of the Group for the financial year ended 31 December 2019, but does not include the consolidated financial statements and our auditor's report. It is expected that the annual report of the Group for the financial year ended 31 December 2019 will be available to us after date of this audit report.

Our opinion on the consolidated financial statements does not cover the other information attached to it, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the abovementioned other information, where it is available, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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, 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 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.

Independent auditor's report (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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, and by the Parent Company's memorandum of incorporation and articles of association, as amended, have occurred during the financial year ended 31 December 2019 that might have had a material effect on the business of the Parent Company or its financial position.

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

Kuwait: 24 February 2020

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated Statement of Financial Position
As at 31 December 2019

	Notes	2019 KD	2018 KD
Assets			
Non-current assets			
Property, plant and equipment	7	941	305,352
Right of use	8	-	150
Intangible assets	9	-	251,250
Investment properties	10	3,885,000	19,523,000
Financial assets at fair value through other comprehensive income		-	1
Due from a related party	11	401,380	-
		4,287,321	20,079,753
Current assets			
Inventories		-	468,660
Trade receivables and other debit balances	12	10,234,409	609,753
Financial assets at fair value through profit or loss	13	487,606	-
Cash and bank balances	14	569,542	1,993,144
		11,291,557	3,071,557
Total assets		15,578,878	23,151,310
Equity and liabilities			
Equity			
Share capital	15	14,650,000	14,650,000
Statutory reserve	16	866,845	866,845
Voluntary reserve	17	866,845	866,845
Fair value reserve from financial assets at fair value through other comprehensive income		-	(705)
Accumulated losses		(960,025)	(1,515,756)
Equity attributable to shareholders of the Parent Company		15,423,665	14,867,229
Non-controlling interests		1,078	23,152
Total Equity		15,424,743	14,890,381
Liabilities			
Non-current liabilities			
Employees' end of service indemnity	18	25,034	193,678
Due to a related party	11	-	6,008,373
		25,034	6,202,051
Current liabilities			
Ijara payables	19	-	1,852,881
Other credit balances	20	129,101	205,997
		129,101	2,058,878
Total liabilities		154,135	8,260,929
Total equity and liabilities		15,578,878	23,151,310

The notes on pages 9 to 49 form an integral part of these consolidated financial statements.

Ahmad Abdurazzaq Albahr
Chairman

Dar Al-Thuraya Real Estate Co. K.S.C. (Public)
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Consolidated Statement of Income
For the year ended 31 December 2019

	Notes	2019 KD	2018 KD
Continuing operations:			
Net operating (loss) / revenues		(137,435)	391,881
Net rental income	21,22	495,706	724,333
Other income		12,415	381,297
Loss from sale of investment properties	10	(133,000)	(50,000)
Change in fair value of investment property	10	-	754,362
Unrealized losses from financial assets at fair value through profit or loss		(21,219)	-
Realized losses on sale of financial assets at fair value through profit or loss		(31,575)	-
Gains on sale of property and equipment		-	60
General and administrative expenses	23	(297,891)	(457,558)
Provision for expected credit losses	12	(14,152)	(28,093)
Finance costs		(63,584)	(114,128)
Depreciation and amortization		(295)	(18,331)
(Loss) / profit for the period from continuing operations before NLST and Zakat		(191,030)	1,583,823
National Labour Support Tax		(14,715)	(13,923)
Zakat		(4,293)	(4,295)
(Loss) / profit for the period from continuing operations		(210,038)	1,565,605
Discontinued operations:			
Profit / (loss) from discontinued operations	5.1	762,752	(758,026)
Net profit for the period		552,714	807,579
Attributable to:			
The Parent Company's shareholders		555,731	809,844
Non-controlling interests		(3,017)	(2,265)
Net profit for the period		552,714	807,579
Basic and diluted earnings per share for the period from the continued and discontinued operations attributable to the shareholders of the Parent Company (fils)	24	3.79	5.53
Basic and diluted (loss) / earnings per share for the period from the continued operations attributable to the shareholders of the Parent Company (fils)	24	(1.28)	10.83
Basic and diluted earnings /(loss) per share for the period from the discontinued operations attributable to the shareholders of the Parent Company (fils)	24	5.21	(5.17)

The notes on pages 9 to 49 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Company K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated statement of income and other comprehensive income
For the year ended 31 December 2019

	2019	2018
	KD	KD
Net profit for the year	552,714	807,579
Other comprehensive income items:		
Items that will not be reclassified subsequently in the interim condensed consolidated statement of income:		
Change in fair value of financial assets at fair value through other comprehensive income	705	371
Total other comprehensive income	705	371
Total comprehensive income for the year	553,419	807,950
Attributable to:		
The Parent Company's shareholders	556,436	810,215
Non-controlling interests	(3,017)	(2,265)
	553,419	807,950

The notes on pages 9 to 49 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Company K.S.C. (Public)
and its subsidiaries
State of Kuwait

Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve from financial assets at fair value through other comprehensive income	Change in fair value reserve	Accumulated losses	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD
At 1 January 2018 ("as previously stated")	14,650,000	866,845	866,845	-	(274)	(2,151,107)	14,232,309	21,132	14,253,441
Impact of adoption of IFRS 9 at 1 January 2018	-	-	-	(274)	274	(175,295)	(175,295)	(297)	(175,592)
At 1 January 2018 ("restated")	14,650,000	866,845	866,845	(274)	-	(2,326,402)	14,057,014	20,835	14,077,849
Net profit/(loss) for the year	-	-	-	-	-	809,844	809,844	(2,265)	807,579
Other comprehensive income	-	-	-	371	-	-	371	-	371
Total comprehensive income for the year	-	-	-	371	-	809,844	810,215	(2,265)	807,950
Transfer of profit on sale of financial assets at fair value through other comprehensive income	-	-	-	(802)	-	802	-	-	-
Impact of change in non-controlling interests	-	-	-	-	-	-	-	4,582	4,582
At 31 December 2018	14,650,000	866,845	866,845	(705)	-	(1,515,756)	14,867,229	23,152	14,890,381
At 1 January 2019	14,650,000	866,845	866,845	(705)	-	(1,515,756)	14,867,229	23,152	14,890,381
Net profit/(loss) for the year	-	-	-	-	-	555,731	555,731	(3,017)	552,714
Total other comprehensive income	-	-	-	705	-	-	705	-	705
Total comprehensive income/(loss) for the year	-	-	-	705	-	555,731	556,436	(3,017)	553,419
Impact of disposal of a subsidiary	-	-	-	-	-	-	-	(19,057)	(19,057)
At 31 December 2019	14,650,000	866,845	866,845	-	-	(960,025)	15,423,665	1,078	15,424,743

The notes on pages 9 to 49 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Company K.S.C. (Public)
and its subsidiaries
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Consolidated Statement of Cash Flows
For the year ended 31 December 2019

	Notes	2019 KD	2018 KD
Operating activities			
Net profit for the period		552,714	807,579
Adjustment for:			
Depreciation and amortization	7	33,447	309,443
Finance costs		63,584	114,128
Loss on disposal of property, plant and equipment		-	634,055
Loss on transfer of property and plant to investment properties		-	2,878
Realized loss on sale of investment property	10	133,000	50,000
Profits on sale of investment in a subsidiary	5.1	(346,703)	-
Unrealized losses from financial assets at fair value through profit or loss		21,219	-
Realized losses on sale of financial assets at fair value through profit or loss		31,575	-
Provision for ECLs - accrued rentals		14,152	18,633
Provision for ECLs - Trade receivables		-	36,453
Provision no longer required - Trade receivables		-	(15,884)
Provision no longer required - Employees' end of service indemnity	18	-	(235,596)
Change in fair value of investment properties		-	(754,362)
Employees' end of service indemnity	18	36,216	65,584
		539,204	1,032,911
Changes in working capital:			
Due from/to related parties - net		(10,294,753)	51,478
Trade receivables and other debit balances		(431,803)	5,105
Financial assets at fair value through profit or loss		(543,000)	-
Inventories		188,128	(56,547)
Other credit balances		49,530	(304,865)
Cash (used in) / generated from operations		(10,492,694)	728,082
Payment of employees' end of service indemnity	18	(76,832)	(131,373)
Net cash (used in)/from operating activities		(10,569,526)	596,709
Investing activities			
Paid for purchase of property, plant and equipment		-	(23,440)
Paid for purchase of investment properties	10	-	(8,838)
Proceeds from sale of investment properties		11,295,000	1,250,000
Proceed from sale of financial assets at fair value through other comprehensive income		-	3,736
Proceeds from sale of property, plant and equipment		-	51,731
Net cash generated by investing activities		11,295,000	1,273,189
Financing activities			
Paid for Ijara payable		(1,852,881)	(315,300)
Finance costs paid		(63,584)	-
Change in non-controlling interests		20,345	4,582
Net cash used in financing activities		(1,896,120)	(310,718)
Net (decrease) / increase in cash and bank balances		(1,170,646)	1,559,180
Cash and bank balances at the beginning of the year		1,993,144	433,964
Decrease in cash and cash equivalents from sale of a subsidiary	5.1	(252,956)	-
Cash and bank balances at the end of the year	14	569,542	1,993,144

The Group has the following non-cash activities during the year, which is not reflected in the consolidated statement of cash flows.

Non-cash transactions	2019 KD	2018 KD
Amounts due from sale of investment properties	2,500,000	-
Investment properties	3,885,000	-

The notes on pages 9 to 49 form an integral part of these consolidated financial statements.

1. General Information

Dar Al-Thuraya Real Estate Co. K.S.C. (Public) (the "Parent Company") was incorporated on 30 May 2004 in accordance with provisions of Kuwait Companies Law, and was registered with the commercial register on 5 June 2004 under No. 101003.

The objectives for which the Company is established in accordance with the Islamic Sharia are as follows:

- Owning, selling, purchasing, developing real estate and land plots for the Company's account in the State of Kuwait or abroad in addition to third party management, without violation of the provisions stipulated in the applicable laws, and their restriction on trading in private housing plots as stated there in.
- Acquiring, selling and purchasing shares and bonds of the real estate companies only in favour of the Company inside and outside Kuwait.
- Preparing studies and providing consultancy in real estate sector in all its types provided that meeting the required terms as for who carries out this profession.
- Carrying out maintenance works related to the buildings and properties owned by the Company and others, including maintenance works and carrying out civil, mechanical and electrical works, elevators and air conditioning works in such a way that maintains buildings and their safety.
- Organizing real estate exhibitions for the Company's real estate projects in accordance with the regulations applied in the Ministry.
- Arranging real estate auctions as per the Ministry regulations.
- Acquisition and management of commercial and residential complexes.
- Using the financial surplus available with the Company via investing the same in portfolios managed by specialized companies and entities.
- Direct contribution in the infrastructure of residential, commercial and industrial areas and projects through (B.O.T) system and management of real estate facilities under the same system.

The Company carries out the above activities directly in the State of Kuwait and abroad, for itself or through agency. The Company may have interest or participate in entities with similar activities or that may help the Company achieving its objectives inside Kuwait or abroad. The Company may also establish, participate in, or purchase these entities or affiliate them.

The Parent Company's shares were listed on the Kuwait Stock Exchange on 18 August 2009.

The Company's registered office is situated at P.O. Box 1376 Safat, 13014 - State of Kuwait.

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (Note 5.1).

The Parent Company is a subsidiary of Al Madar Finance and Investment Company K.S.C. (Public) (the "Parent Company") which is listed on the Kuwait Stock Exchange, and is a subsidiary of Al Thekair General Trading and Contracting Company W.L.L. (the "Ultimate Parent Company").

1. General Information (Continued)

The consolidated financial statements of Dar Al-Thuraya Real Estate Co. K.S.C. (Public) and its subsidiaries ("the Group") for the year ended 31 December 2019 were authorized for issue by the Parent Company's board of directors on 24 February 2020. The Shareholders' of the Parent Company have the power to amend these consolidated financial statements at the Shareholders' Annual General Assembly.

2. Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for investment properties and financial assets at fair value through other comprehensive income that are measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is also functional currency of the Parent Company.

3. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the IFRS interpretations Committee applicable to companies reporting under IFRS as issued by the International Accounting Standards Board ("IASB"), and applicable requirements of the Companies Law.

The preparation of consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. Significant accounting judgments and key sources of estimation uncertainty made in preparing the consolidated financial statements and their effect are disclosed in Note 6.

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

a) New standards, interpretations and amendments effective from 1 January 2019

The accounting policies used in preparation of the consolidated financial statements are consistent with those used in the previous year ended 31 December 2018 except for the changes due to implementation some of the new and amended International Financial Reporting Standards as at 1 January 2019, which did not result in a material impact on the Group's consolidated financial statements for the financial year ended 31 December 2019 as follows:

IFRS No. (16) - Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 27 Operating Leases- Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases, according to a single approach, under items of the consolidated statement of financial position.

4. Application of new and revised international financial reporting standards (IFRSs) (Continued)

a) New standards, interpretations and amendments effective from 1 January 2019 (Continued)

IFRS No. (16) – Leases (continued)
Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, Application of IFRS 16 does not have an impact on leases where the Group is the lessor.

Upon adoption of IFRS 16 on 1 January 2019, the Group applied a single recognition and measurement approach using the modified retrospective approach for all leases where the Group is the lessee. Accordingly, the comparative information is not restated. The cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases according to IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and leases for which the underlying asset is of low value ("low-value assets").

Impact on Lessee Accounting

Former operating leases
IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were not included in the consolidated financial position items. Applying IFRS 16, for all leases (except as noted below), the Group:
- Recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- Recognizes depreciation of right-of-use assets and interests on lease liabilities in the consolidated statement of profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has elected to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented under general and administrative expenses item in the consolidated statement of profit or loss.

4. Application of new and revised international financial reporting standards (IFRSs) (Continued)

a) New standards, interpretations and amendments effective from 1 January 2019 (Continued)

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognizes as part of lease liabilities only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. The lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 changed and increased disclosures.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use assets arising from the head lease (and not by reference to the underlying assets as was the case under IAS 17).

Financial impact of application of IFRS 16

There is no material impact on assets, liabilities, profit or loss, and the equity as a result of application of IFRS 16. This is because the Group's leases are short-term leases and do not contain purchase option and low-value leases.

Amendments to IFRS 9: Benefits of advance payment with negative compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019.

These amendments do not have material impact on the Group's consolidated financial statements.

Amendments to IAS No. (28): Long-term Investments in Associates and Joint Ventures

The amendments clarify that the Group applies IFRS 9 to long-term investments in the associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term investments). This classification is relevant because it implies that ECL model in IFRS 9 applies to such long-term investments.

4. Application of new and revised international financial reporting standards (IFRSs) (Continued)

a) New standards, interpretations and amendments effective from 1 January 2019 (Continued)

Amendments to IAS No. (28): Long-term Investments in Associates and Joint Ventures (continued)
The amendments also clarified that, in applying IFRS 9, the Group does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28: Investments in Associates and Joint Ventures.

These amendments do not have material impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle (issued on December 2017)

IFRS 3 - Business combinations
The amendments apply to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2019. The amendments clarify that when control over joint operation is occurred, they represent application of requirements of business combination in stages, including measuring previously held investments in assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its previously held interest in the joint operations.

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

IFRS 11 - Joint arrangements
The Group applies these amendments to transactions in which it obtains joint control on or after the first annual reporting period beginning on or after 1 January 2019. The amendments state that a party that participates in, but does not have joint control, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments state that the previously held interests in that joint operation are not re-measured.

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

IAS 23 - Borrowing Costs
The amendments clarify that the Group treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The Group applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the Group first applies those amendments on or after 1 January 2019.

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

4. Application of new and revised international financial reporting standards (IFRSs) (Continued)

b) Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been early applied by the Group:

IFRS 17: Insurance Contracts
This standard will be effective for annual periods beginning on or after 1 January 2021 and replaces IFRS 4 - Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of IFRS 17 is the general model, supplemented by:

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

Early application is permitted, provided the Group also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

These standards are not expected to have any material impact on the consolidated financial statements.

Amendments to IFRS 3: Definition of a Business
The amendments in definition of a business (Amendments to IFRS 3) are changes to Appendix A, Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The above-mentioned amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual financial period beginning on or after 1 January 2020.

These standards are not expected to have any material impact on the consolidated financial statements.

4. Application of new and revised international financial reporting standards (IFRSs) (Continued)

b) Standards and interpretations issued but not effective (Continued)

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the consolidated financial statements as a whole, and
- The meaning of "primary users of general purpose financial statements" to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

These amendments become effective for annual periods beginning on or after 1 January 2020.

This amendment is not expected to have any material impact to the Group.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting.
- Reinstating prudence as a component of neutrality.
- Defining a reporting entity, which may be a legal entity, or a portion of an entity.
- Revising the definitions of an asset and a liability.
- Removing the probability threshold for recognition and adding guidance on derecognition.
- Adding guidance on different measurement basis, and
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

5. Summary of significant accounting policies

5.1. Basis of consolidation

Subsidiaries

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

De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Parent Company considers all relevant facts and circumstances, including:

- The size of the Parent Company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the Parent Company and by other parties
- Other contractual arrangements.
- Historic patterns in voting attendance.

The Parent Company revaluates whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses control over the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Parent Company gains control until the date when Parent Company ceases to control the subsidiary.

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

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

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

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

5. Summary of significant accounting policies (Continued)

5.1 Basis of consolidation (Continued)

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

All amounts previously recognised in the statement of other comprehensive income in relation to that subsidiary are accounted for as if the Parent Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as follows:

Name of the subsidiary	Country of incorporation	Legal entity	Voting rights and equity interest 2019	Voting rights and equity interest 2018	Activity
Al-Thuraya Star Company	State of Kuwait	W.L.L.	99%	99%	General Trading and Contracting
Kuwait Building Real Estate Company	State of Kuwait	K.S.C. (Closed)	96%	96%	Real estate
Pack and Move Holding	State of Kuwait	K.S.C. (Holding)	-	99.88%	Holding
Golden Madar Real Estate Company	State of Kuwait	W.L.L.	98%	98%	Real estate

a) During the year ended 31 December 2019, based on shares sales contract, the Group disposed of its interest of 99.88% in its subsidiary "Pack & Move Holding Company K.S.C. (Closed)" at an amount of KD 7,000,000, which resulted in a profit of sale of a subsidiary at an amount of KD 346,703. Transferring shares ownership is in process.

5. Summary of significant accounting policies (Continued)

5.1 Basis of consolidation (continued)

Subsidiaries (continued)

Below are the details of the carrying value of the subsidiary at the date of disposal:

	Notes	KD
Assets		
Property, plant and equipment	7	270,964
Right of use	8	150
Intangible assets	9	251,250
Investment properties	10	5,595,000
Financial assets at fair value through other comprehensive income		1
Inventories		280,532
Trade and other receivables		262,292
Financial assets at fair value through profit or loss		2,600
Cash and bank balances		252,956
Liabilities		
Employees' end of service benefits	18	(128,028)
Trade payables and other credit balances		(126,426)
Net Assets		6,661,291
The Group's share in Pack & Move Holding Company K.S.C. (Closed) (99.88%)		6,653,297
Disposal consideration	12	7,000,000
Profit on sale of a subsidiary		346,703

b) Below is a summary of business results related to the discontinued operation:

	2019 KD	2018 KD
Revenues	1,066,810	1,499,441
Expenses	(650,261)	(2,258,375)
Profit / (loss) from discontinued operations	416,549	(758,934)
The Group's share of discontinued operations profit / (loss) (99.88%)	416,049	(758,026)
Profit on sale of a subsidiary	346,703	-
	762,752	(758,026)

c) Net cash flows related to discontinued operations as follows:

	2019 KD	2018 KD
Net cash flows from operating activities	24,579	78,551
Net cash flows from investing activities	-	32,447
Net cash flows used in financing activities	(10,427)	4,608
Net cash inflows	14,152	115,606

5. Summary of significant accounting policies (Continued)

5.2. Business combinations

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

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

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

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the statement of other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

5.3. Property, plant and equipment

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

5. Summary of significant accounting policies (Continued)

5.3. Property, plant and equipment (Continued)

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

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

5.4. Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful lives of intangible assets are assessed to be either finite or indefinite.

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

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

5. Summary of significant accounting policies (Continued)

5.4 Intangible assets (Continued)

Indefinite (continued)
The Group has assessed the useful lives of intangible assets which represent right of use to be indefinite.

The Group has assessed the useful lives of intangible assets which represent key money to be 20 years.

5.5. Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment properties also include properties that is being constructed or developed for future use as investment properties.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs, where required.

Subsequent to initial recognition, investment properties are remeasured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

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.

Changes in fair values are included in the consolidated statement of income.

Investment properties are derecognised when either they have been disposed of 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 recognised in the consolidated statement of income.

5.6. Impairment of non-financial assets

At each consolidated financial position date, the Group reviews the carrying amounts of its non-financial 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. Where a reasonable and consistent basis of allocation can be identified, the Company's assets are also allocated to individual cash-generating units, and otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

5. Summary of significant accounting policies (Continued)

5.6. Impairment of non-financial assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

5.7. Financial instruments

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

The financial assets and liabilities recognised in the consolidated statement of financial position include financial assets at fair value through other comprehensive income, due from related party, trade receivables and other debit balances, cash and bank balances and other credit balances.

Financial assets:

Recognition, initial measurement and derecognition
To determine the classification and measurement category of financial assets, IFRS requires assessment of all financial assets, except for equity instruments and derivatives, based on the Group's business model for managing the Group's assets and the contractual cash flows characteristics of these instruments.

The Group determines its business model at the level that best reflects how it manages its financial assets to achieve its business objectives and in order to generate contractual cash flows. Whether the Group's sole objective is to collect the contractual cash flows from the assets or 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 fair value through profit or loss. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

5. Summary of significant accounting policies (Continued)

5.7. Financial instruments (Continued)

Financial assets: (continued)

Recognition, initial measurement and derecognition (continued)
Purchases and sales of the financial assets are recognized on the trade date i.e. the date on which the Group commits to purchase or sell the asset. The financial assets are initially recognized at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss.

Purchases and sales of those financial assets are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the assets. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets expire or when the Group transfers its right to receive cash flows from the financial assets in either of the following circumstances: (a) when the Group transfers all risks and rewards of the financial assets ownership, or (b) when all risks and rewards of the financial assets are not transferred or retained, but the control over the financial assets is transferred. When the Group retains control, it must continue to recognize the financial assets to the extent of its participation therein.

Classification of financial assets
Financial assets are classified in the consolidated financial statements into the following categories upon initial recognition:
- Financial assets at amortised cost.
- Debt instruments at fair value through other comprehensive income.
- Equity instruments at fair value through other comprehensive income.
- Equity instruments at Fair value through profit or loss.

Subsequent Measurement
The subsequent measurement of financial assets depends on their classification as follows:

Equity instruments at fair value through other comprehensive income
Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at fair value through other comprehensive income when they meet the definition of Equity under IAS (32) Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Profits and losses on these equity instruments are never recycled to the 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 other comprehensive income. Equity instruments at fair value through other comprehensive income 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.

5. Summary of significant accounting policies (continued)

5.7. Financial instruments (Continued)

Financial assets: (continued)

Subsequent measurement (continued)

Equity instruments at fair value through other comprehensive income (continued)
Financial assets at fair value through other comprehensive income represent equity instrument investments.

Financial Assets at fair value through profit or loss
The Fund classifies the financial assets as held for trading primarily when purchased or issued in order to achieve short-term profits through trading activities or when they form a part of a financial instruments portfolio that are managed together, there is an evidence for emerging a new pattern to achieve short-term profits. Assets held for trading are recognized and measured at fair value in the consolidated statement of financial position.

Profits or losses on the change in fair value, profits or losses on sale and dividends are recognized in the statement of income and other comprehensive income under the contract conditions or when the right to receive the profits amount is established.

Financial assets at amortised cost
A financial asset is measured at amortised cost if both of the following conditions are met and is not designated at fair value through profit or loss:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Profits and losses are recognized in the statement of profit or loss when the asset is derecognised, adjusted or impaired.

The financial assets at amortized cost include due from related party, trade receivables and other debit balances and cash and bank balances designated as financial assets at amortised cost.

Trade receivables and other debit balances
Trade receivables are amounts due from customers for sale of goods or leasing units or rendering services in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Receivables which are not designated under any of the above are classified as "other assets".

Cash and bank balances
Cash and bank balances include cash on hand and bank accounts at banks, which are exposed to insignificant risks in terms of changes in the value.

5. Summary of significant accounting policies (continued)

5.7. Financial instruments (continued)

Financial assets: (continued)

Effective yield rate method
The effective return rate is a method of calculating the amortized cost of a financial asset and of allocating return over the relevant period. The effective yield is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets
For trade and other receivables, the Group has applied the standard's simplified approach and has calculated the expected credit losses ("ECLs") based on lifetime ECLs. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the 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.

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.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

5.8. Financial liabilities

All financial liabilities are initially recognized at fair value and in case of loans, borrowings and creditors directly attributable transactions costs are discounted. All financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost using the effective interest rate method.

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, within the scope of IAS 9, as financial liabilities at fair value through statement of income, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition.

5. Summary of significant accounting policies (Continued)

5.8 Financial liabilities (Continued)

Initial recognition and measurement (continued)
All financial liabilities are initially recognised at fair value, and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include due to a related party, Ijara payables and other credit balances.

Subsequent Measurement

Ijara payables
Ijara payables represent the amount payable on a deferred settlement basis for items financed by others in accordance with agreements of Ijara contracts. Ijara payables balance is stated at total of the amount payable, net of finance costs related to the future periods. Future finance costs are amortized when matured on a time proportion basis using the effective interest method.

Other credit balances
Other credit balances are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective yield 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.

Derecognition of financial liabilities
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. 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 the consolidated statement of profit or loss.

5.9. Offset of financial instruments

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

5.10. Inventories

Inventories are stated at the lower of cost and net realisable value after making allowance for any slow moving and obsolete items. Cost comprises the purchase price, import duties, transportation, handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and the costs necessary to make the sale.

5. Summary of significant accounting policies (Continued)

5.11. Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.12. Employees' end of service indemnity

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. This liability which is unfunded represents the amount payable to each employee as a result of termination on the consolidated financial position date.

5.13. Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

5.14. Leases

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

The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the lease term. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee
Assets held under finance leases are initially recognised as assets in the consolidated statement of financial position at the current value estimated for the minimum of amounts paid for lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

5. Summary of significant accounting policies (Continued)

5.15. Foreign currency translation

Functional and presentation currency
The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is also functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of income. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities are translated into KD at the closing rate at the date of consolidated financial statements. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the financial statements period. Exchange differences are charged / credited to other comprehensive income and recognized in the "Foreign currency translation reserve" in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to consolidated statement of income and recognized as part of the profit or loss on disposal.

5.16. Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determine the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied

5. Summary of significant accounting policies (Continued)

5.16. Revenue recognition (Continued)

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies method of accounting for the additional costs to obtain the contract and the costs that are directly attributable to the contract execution. The standard also requires comprehensive disclosures.

Under IFRS 15, revenue is recognised 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 shall transfer control of goods or services over a period of time (and not at a specific time) upon fulfillment of any of the following criteria:

- 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 establish an asset that has an alternative usage to the Entity. The Entity has enforceable right in payments against the completed performance to date.

Group's revenue streams are recognised as follows:

Revenue from services
Revenue from services is recognized as the services are performed and completed for clients.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rental income
Rental income is recognised on a straight line basis in accordance with the substance of the relevant agreements.

Dividend income
Dividend income is recognised when the right to receive payments is established.

5.17. Finance costs

Finance costs that are not directly related to purchasing, investing or producing the qualified asset, are recognised in the consolidated statement of income using the effective yield method in the period in which they are incurred.

5. Summary of significant accounting policies (Continued)

5.18. Contribution to Kuwait Foundation for the Advancement of Sciences and Zakat

Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat represent levies/taxes imposed on the Parent Company at fixed percentage of profit for the year less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent levies/taxes regulations, no carry forward of losses is permitted and there are no significant differences between the levies/taxes bases of assets and liabilities and their carrying amounts for financial statements purposes.

Tax/statutory levy	*Percentage*
Contribution to Kuwait Foundation for the Advancement of Sciences	1.0% of net profit less permitted deductions
Contribution to Zakat	1.0% of net profit less permitted deductions

5.19. National Labour Support Tax

The Group calculates National Labour Support Tax ("NLST") in accordance with the Ministry of Finance resolution No.19 of 2000. NLST is imposed at 2.5% of net profit attributable to shareholders of the Parent Company, less permitted deductions.

6. Significant accounting judgments of estimation uncertainty

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimations and assumptions are based on the management's pervious experiences and other relevant factors. Actual results may vary from these estimations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recorded in the periods in which the review and adjustment of the estimates are made if the adjustment related to this particular period. Adjustments are recorded in the review period and future periods if these adjustments to estimates will impact the current period and future financial periods.

Significant accounting judgments

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

Useful lives of tangible assets
The Group reviews the estimated useful lives over which its tangible assets are depreciated. The Group's management is satisfied that the estimates of useful lives are appropriate.

6. Significant accounting judgments and estimation uncertainty (Continued)

Significant accounting judgments (Continued)

Classification of properties
The Group decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development. The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Classification of financial instruments
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 amortised 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 as stated in Note No. 5.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year consolidated financial statements are discussed below:

Impairment of non-financial assets
The Group reviews tangible assets on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required.

Impairment of inventories
Inventories are held at cost or net realisable value whichever is lower. When inventories become old or obsolete, an estimate is made of the required impairment. For significant amounts, estimation is performed on an individual basis. Amounts which are not significant are assessed collectively and a provision is created according to the type of inventory and the length of time past due, based on historical selling rates.

ECLs provision on trade receivables and other debit balances
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates.

6. Significant accounting judgments and estimation uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

ECLs provision on trade receivables and other debit balances (continued)
The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product, stock market capitalization) are expected to deteriorate over the next year which can lead to an increased number of defaults in the brokerage sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the trade receivables and other debit balances of the Group is disclosed in Note 12.

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

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

Valuation of investment properties
The Group records its investment properties at fair value where changes in the fair value are recognized in the consolidated statement of income, three basic methods are used for determining the fair value of the investment properties:

a. Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.

b. Income capitalization: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of return from the property as per market inputs, which is known as capitalization rate.

c. Comparative analysis: which base on estimations made by an independent real estate assessor by reference to new actual deals done among other parties for similar properties in location and condition and relying on expertise of such independent real estate assessor.

7. Property, plant and equipment

	Buildings	Containers	Vehicles	Furniture and fixtures	Office equipment & devices	Total
	KD	KD	KD	KD	KD	KD
Cost						
At 1 January 2019	70,308	371,106	90,305	27,419	205,015	764,153
Effect of disposal of a subsidiary (Note 5.1)	(70,308)	(371,106)	(90,305)	(24,400)	(180,335)	(736,454)
At 31 December 2019	-	-	-	3,019	24,680	27,699
Accumulated depreciation						
At 1 January 2019	20,142	172,624	51,140	27,029	187,866	458,801
Charged during the year	3,200	15,203	4,200	1,300	9,544	33,447
Effect of disposal of a subsidiary (Note 5.1)	(23,342)	(187,827)	(55,340)	(25,314)	(173,667)	(465,490)
At 31 December 2019	-	-	-	3,015	23,743	26,758
Net carrying value						
At 31 December 2019	-	-	-	4	937	941
At 31 December 2018	50,166	198,482	39,165	390	17,149	305,352
Annual depreciation rates	5%	10%	20%	20%- 3.33%	20%-3.33%	

During the year ended 31 December 2019, the Group disposed of balance of property, and plant of the subsidiary "Pack & Move Holding Company K.S.C. (Closed)" with net book value of KD 270,964 (Note 5.1).

8. Right of use

	2019	2018
	KD	KD
At 1 January	150	150
Effect of disposal of a subsidiary (Note 5.1)	(150)	-
At 31 December	-	150

9. Intangible assets

	Key money
	KD
Cost	
At 1 January 2019	251,250
Effect of disposal of a subsidiary (Note 5.1)	(251,250)
At 31 December 2019	-
Net carrying value	
At 31 December 2019	-
At 31 December 2018	251,250
Annual amortization rates	5%

10. Investment properties

	2019	2018
	KD	KD
Investment properties		
At 1 January	19,523,000	12,407,999
Additions	3,885,000	-
Disposals	(13,928,000)	(1,300,000)
Transferred from projects in progress	-	2,065,639
Transfers from property, plant and equipment	-	5,595,000
Change in fair value	-	754,362
Impact of disposal of a subsidiary (Note 5.1)	(5,595,000)	-
At 31 December	3,885,000	19,523,000
Projects in progress		
At 1 January	-	2,056,801
Additions	-	8,838
Transferred to investment properties	-	(2,065,639)
At 31 December	-	-
	3,885,000	19,523,000

The fair value of the Group's investment property as at 31 December 2019 has been arrived at on the basis of a valuation carried out on the respective dates by two independent valuers, one of them is a local bank, not related to the Group and the management has adopted the lower valuation. The fair value was determined under level 2 based on the market comparable approach that reflects recent transaction priced for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

One of the properties was recognized based on the initial purchase contract and special power of attorney. Transfer of shares is in process during the subsequent period.

During the year ended 31 December 2019, the Group sold investment properties at carrying amount of KD 13,928,000 resulted in loss of KD 133,000 recognized in the consolidated statement of income.

11. Related party transactions

Related parties comprise of the Group's major shareholders who are members of the board of directors, board of directors, key management personnel, and subsidiaries in which the Company has representatives in their board. In the normal course of business, subject to approval of the Group's management, transactions were made with such parties during the year ended 31 December 2019. Balances and transactions between the Group and its subsidiaries, which are deemed as related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Balances due from/to related parties and related party transaction are as follows:

	2019	2018
	KD	KD
Consolidated statement of financial position:		
Due from a related party (the Ultimate Parent Company)	401,380	-
Due to a related party (the Ultimate Parent Company)	-	6,008,373
Consolidated statement of income:		
Senior management benefits and salaries	10,106	104,096

Amounts due to the related parties are non-interest bearing.

12. Trade receivables and other debit balances

	2019	2018
	KD	KD
Trade receivables	148,960	620,968
Less: provision for ECLs - Trade receivables	(17,000)	(365,016)
	131,960	255,952
Accrued rentals	840,805	757,036
Less: provision for ECLs - accrued rentals	(764,444)	(750,292)
	76,361	6,744
Amount due from sale of investment properties (a)	2,500,000	-
Amount due from sale of a subsidiary (b)	7,000,000	-
Advance payments for projects	-	54,802
Advance payments for purchase of investment properties	480,000	84,128
Accrued revenues	-	50,000
Staff receivables	500	17,098
Prepaid expenses	9,298	47,508
Refundable deposits	36,290	52,843
Other receivables	-	40,678
	10,234,409	609,753

a) It represents the amounts due from transaction of the Group when it sold some of its investment properties during the year ended 31 December 2019 (Note 10).

b) It represents amounts due from sale of a subsidiary "Pack & Move Holding" during the year ended 31 December 2019 (Note 5.1) and subsequent to the reporting date, the Group collected an amount of KD 280,000.

12. Trade receivables and other debit balances (Continued)

	Less than 90 days	91 - 180 days	181 - 365 days	More than 365 days	Total
2019	160,949	38,439	33,915	756,462	989,765
2018	167,366	86,559	118,963	1,005,116	1,378,004

During the year ended 31 December 2019, the Group recognized a provision for ECLs against trade receivables of Nil (2018: 36,453). During the year ended 31 December 2019, the Group recognized a provision for ECLs on accrued rentals of KD 14,152 (2018: KD 18,633).

The movement of the provision for ECLs against trade receivables is as follows:

	2019 KD	2018 KD
Balance at 1 January	365,016	283,256
Impact of adoption of IFRS 9 - ECLs on accumulated losses at 1 January 2019	-	61,191
Adjusted balance as at 1 January	365,016	344,447
Charged during the year	-	36,453
Provision no longer required	-	(15,884)
Impact of disposal of a subsidiary	(348,016)	-
Balance at 31 December	17,000	365,016

Movement on provision for ECLs for accrued rentals is as follows:

	2019 KD	2018 KD
Balance at 1 January	750,292	617,258
Impact of adoption of IFRS 9 - ECLs on accumulated losses at 1 January 2019	-	114,401
Adjusted balance as at 1 January	750,292	731,659
Charged during the year	14,152	18,633
Balance at 31 December	764,444	750,292

13. Financial assets at fair value through profit or loss

	2019 KD	2018 KD
Investments in quoted local shares - investment portfolio	487,606	-
	487,606	-

Valuation techniques of the financial assets at fair value through other comprehensive income are disclosed in Note 29.

14. Cash and bank balances

	2019	2018
	KD	KD
Bank balances	569,442	1,979,873
Cash on hand	100	13,271
	569,542	1,993,144

The annual average effective yield rate on the savings accounts as at 31 December 2019 was 0.75% (31 December 2018: 0.78%).

15. Share capital

The Parent Company's authorized, issued, and fully paid share capital is KD 14,650,000 (2018: KD 14,650,000) divided into 146,500,000 shares (2018: 146,500,000 shares) each of 100 fils. All shares are cash shares.

16. Statutory reserve

As required by the Companies Law and the Parent Company's articles of association, as amended, 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, 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 equals 50% of the share capital. This reserve is not available for distribution, except in cases stated by law and parent company's articles of association.

No transfer has been made to the statutory reserve due to the accumulated losses.

17. Voluntary reserve

As required by the Parent Company's articles of association, as amended, 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to KFAS, National Labour Support Tax, Zakat and board of directors' remuneration is transferred to the voluntary reserve. Such annual transfer may be discontinued by a resolution of the shareholders' general assembly upon recommendation by the board of directors.

No transfer has been made to the voluntary reserve due to the accumulated losses.

18. Employees' end of service indemnity

	2019	2018
	KD	KD
At 1 January	193,678	495,063
Charged during the year	36,216	65,584
Provision no longer required	-	(235,596)
Payment during the year	(76,832)	(131,373)
Effect of disposal of a subsidiary (Note 5.1)	(128,028)	-
At 31 December	25,034	193,678

19. Ijara payables

	2019	2018
	KD	KD
Ijara payables	-	1,912,800
Future finance costs	-	(59,919)
	-	1,852,881

During the year ended 31 December 2019, the debt due to the bank was settled. Properties related to Ijara payable were sold to a third party (Note 10).

20. Other credit balances

	2019	2018
	KD	KD
Accrued expenses	82,607	129,748
Rentals paid in advance	340	42,328
Accrued zakat	10,181	4,295
National Labour Support Tax due	28,638	13,923
Other creditors	7,335	15,703
	129,101	205,997

21. Revenues

	31 December 2019			
	Real Estate	General Trading Sector	Other	Total
	KD	KD	KD	KD
Rent	649,080	-	-	649,080
Sales	-	420,600	-	420,600
Other income	-	1,066,810	359,118	1,425,928
	649,080	1,487,410	359,118	2,495,608
Geographical markets				
State of Kuwait	649,080	1,487,410	359,118	2,495,608
Timing of revenue recognition				
Services rendered at a point in time	-	1,487,410	359,118	1,846,528
Services rendered over time	649,080	-	-	649,080
	649,080	1,487,410	359,118	2,495,608
Revenues				
Clients inside Kuwait	649,080	1,487,410	359,118	2,495,608

21. Revenues (Continued)

	31 December 2018			
	Real Estate	**General Trading Sector**	**Other**	**Total**
	KD	KD	KD	KD
Rent	910,430	-	-	910,430
Sales	-	537,395	-	537,395
Other income	754,362	1,499,441	381,297	2,635,100
	1,664,792	2,036,836	381,297	4,082,925
Geographical markets				
State of Kuwait	1,664,792	2,036,836	381,297	4,082,925
Timing of revenue recognition				
Services rendered at a point in time	754,362	2,036,836	381,297	3,172,495
Services rendered over time	910,430	-	-	910,430
	1,664,792	2,036,836	381,297	4,082,925
Revenues				
Clients inside Kuwait	1,664,792	2,036,836	381,297	4,082,925

22. Net rental income

	2019	**2018**
	KD	KD
Rental income	649,080	910,430
Rental costs	(153,374)	(186,097)
	495,706	724,333

23. General and administrative expenses

	2019	**2018**
	KD	KD
Staff costs	141,584	348,641
Rent	7,800	7,800
Advisory and subscriptions	108,735	43,652
Other	39,772	57,465
	297,891	457,558

24. Basic and diluted earnings/(loss) per share

Basic and diluted earnings / (loss) per share is calculated by dividing earnings / (loss) for the year attributable to shareholders of the Parent Company by the weighted average number of outstanding shares during the year.

24. Basic and diluted earnings/(loss) per share (Continued)

	2019	2018
	KD	KD
Net profit for the year attributable to shareholders of the Parent Company (KD)	555,731	809,844
(Loss) / profit from the continuing operations attributable to the shareholders of the Parent Company (KD)	(188,013)	1,586,088
Profit / (loss) from the discontinued operations attributable to the shareholders of the Parent Company (KD)	762,752	(758,026)
Weighted average number of outstanding shares during the period (share)	146,500,000	146,500,000
Basic and diluted earnings per share for the period from the continued and discontinued operations attributable to the shareholders of the Parent Company (fils)	3.79	5.53
Basic and diluted (loss) / earnings per share for the period from the continued operations attributable to the shareholders of the Parent Company (fils)	(1.28)	10.83
Basic and diluted earnings / (loss) per share for the period from the discontinued operations attributable to the shareholders of the Parent Company (fils)	5.21	(5.17)

25. Commitments and contingent liabilities

	2019	2018
	KD	KD
Letters of guarantee	60,000	8,647

26. Proposed dividends and general assembly

Board of directors proposed in its meeting held on 24 February 2020 not to distribute dividends to the shareholders for the year ended 31 December 2019 and not to distribute remuneration to the board members for the financial year ended 31 December 2019. This proposal is subject to approval of the shareholders' annual general assembly.

The annual general assembly meeting of the shareholders was held on 8 April 2019 and approved the Group's financial statements for the year ended 31 December 2018. It also recommended the board of directors not to distribute dividends to the shareholders and not to distribute the board of directors remuneration for the financial year ended 31 December 2018.

27. Segment reporting

The management has grouped the Group's products and services into the following operating segments under IFRS 8 as follows:

27. Segment reporting (Continued)

Operating Segments
The Group has determined the following two major business segments for internal reporting purposes:

- Investment property sector
- Financial investment sector.
- Other

Financial information about business segments for the year ended 31 December is as follows:
2019

	Investment properties	Financial investments	Other	Total
	KD	KD	KD	KD
Segment assets	3,885,941	1,057,148	10,635,789	15,578,878
Segment liabilities	-	-	154,135	154,135
Total revenues	649,080	-	1,846,528	2,495,608
Segment results	348,554	(116,378)	320,538	552,714

2018

	Investment properties	Financial investments	Other	Total
	KD	KD	KD	KD
Segment assets	20,079,752	1,993,145	1,078,413	23,151,310
Segment liabilities	1,852,881	6,008,373	399,675	8,260,929
Total revenues	1,664,792	-	2,418,133	4,082,925
Segment results	1,400,602	(114,128)	(478,895)	807,579

Geographical segments:
Financial information about geographical segments for the year ended 31 December is set out below:

	2019		
	Revenues	Assets	Liabilities
	KD	KD	KD
Inside the State of Kuwait	2,495,608	15,578,878	154,135

	2018		
	Revenues	Assets	Liabilities
	KD	KD	KD
Inside the State of Kuwait	4,082,925	23,151,310	8,260,929

28. Financial risk and capital management

Financial risk factors

The Group's activities expose it to variety of financial risks: e.g. market risk (i.e. foreign currency risk, profit rate risk and equity price risk), credit risk and liquidity risk. The Parent Company's management policies for reducing each of the risks are discussed below. The Group does not use derivative financial instruments based on future speculations.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 5 to the consolidated financial statements.

28.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises of, foreign currency risk, profit rate risk and equity price risk.

a) Foreign currency risk

Foreign currency risks arise from Group's exposure to fluctuations of foreign currency arising from various currency exposures. Foreign currency risk arises when future commercial transactions or recognised assets and liabilities and net investments in foreign operations. The Group is not exposed to foreign currency risk currently, as there are no financial assets or liabilities in foreign currencies.

b) Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates. The Group is not currently exposed to substantial risks as it has savings account at fixed interest rate. The Group has no other variable yield bearing financial assets or financial liabilities at the consolidated financial statements date.

c) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in equity prices. Financial instruments, which potentially subject the Group to equity price risk, consist principally of financial assets at fair value through other comprehensive income. The Group is not exposed to equity price risk as it has no significant investments as at the reporting date.

28.2 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 due from related party, trade receivables and other debit balances and banks balances. Receivables are presented net of provision for ECLs.

<u>Trade receivables and other debit balances</u>

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

28. Financial risk and capital management (Continued)

28.2 Credit risk (continued)

The expected losses rates are based on the ageing customers over 3 years before 31 December 2018 and 1 January 2018 respectively and 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.

ECLs of trade receivables that were determined as stated below:

31 December 2019	Less than 90 days	91-180 days	181 – 365 days	More than 365 days	Total
	KD	KD	KD	KD	KD
ECLs rate (%)	8%	25%	40%	100%	-
ECLs	1,332	2,315	5,813	7,540	17,000

31 December 2018	Less than 90 days	91-180 days	181 – 365 days	More than 365 days	Total
	KD	KD	KD	KD	KD
ECLs rate (%)	8%	25%	40%	100%	-
ECLs	13,155	19,484	37,052	295,325	365,016

ECLs of accrued rentals that were determined as stated below:

31 December 2019	Less than 90 days	91-180 days	181 – 365 days	More than 365 days	Total
	KD	KD	KD	KD	KD
ECLs rate (%)	74%	81%	94%	100%	-
ECLs	5,557	5,095	7,276	746,516	764,444

31 December 2018	Less than 90 days	91-180 days	181 – 365 days	More than 365 days	Total
	KD	KD	KD	KD	KD
ECLs rate (%)	74%	81%	94%	100%	-
ECLs	10,123	6,853	24,760	708,556	750,292

The ECLs rates are the weighted average of those rates calculated between the Group companies as at 1 January 2019 based on the aging of customers over 3 years prior to that date.

28. Financial risk and capital management (Continued)

28.2 Credit risk (continued)

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to make an alternative payment arrangement - amongst other - with the Group is considered an indicator of no reasonable expectation of recovery and therefore is considered as credit impaired.

Banks balances
The Group's banks balances 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 banks balances are placed with high credit rating financial institutions with no previous history of default. Based on management's assessment, the ECLs impact is insignificant to the Group as the risk of default has not increased significantly since initial recognition.

The maximum limit of the Group's exposure to credit risk arising from default of the counterparty is the nominal value of due from related party, trade receivables and other debit balances and cash at banks.

Credit risk exposure
The book values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets categories at the reporting date was as follows:

	2019	2018
	KD	KD
Due from a related party	401,380	-
Trade receivables and other debit balances (excluding advance payments to projects, advance payments to purchase under development lands and prepaid expenses)	9,745,111	423,315
Bank balances	569,442	1,979,873
	10,715,933	2,403,188

The Group evaluates the concentration of risk with respect to trade receivables as low, as majority of its receivables are due from customers operate in several industries in independent markets.

Geographic concentration of maximum exposure to credit risk
The maximum exposure to credit risk for financial assets at the reporting date by geographical region and industry wise sector is as follows:

	State of Kuwait	Total
	KD	KD
At 31 December 2019		
Due from a related party	401,380	401,380
Trade receivables and other debit balances (excluding advance payments to projects, advance payments to purchase under development lands and prepaid expenses)	9,745,111	9,745,111
Bank balances	569,442	569,442
	10,715,933	10,715,933

28. Financial risk and capital management (Continued)

28.2 Credit risk (continued)

Geographic concentration of maximum exposure to credit risk (continued)

	State of Kuwait	Total
	KD	KD
At 31 December 2018		
Trade receivables and other debit balances (excluding advance payments to projects and prepaid expenses)	423,315	423,315
Bank balances	1,979,873	1,979,873
	2,403,188	2,403,188

	2019	2018
	KD	KD
Sector:		
Real Estate and Commercial	6,189,491	423,315
Banks and financial institutions	4,526,442	1,979,873
	10,715,933	2,403,188

28.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

Ultimate responsibility for liquidity risk management rests with the management of the Parent Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December, the carrying amounts of the Group's liabilities with maturity less than 12 months are not materially different from their contractual undiscounted value.

	From 3 months to 1 year	More than one year	Total
2019	KD	KD	KD
Liabilities			
Other credit balances (excluding rents received in advance)	128,761	-	128,761
	128,761	-	128,761

28. Financial risk and capital management (Continued)

28.3 Liquidity risk (continued)

2018	**From 3 months to 1 year**	**More than one year**	**Total**
	KD	KD	KD
Liabilities			
Due to related parties	-	6,008,373	6,008,373
Ijara payables	1,852,881	-	1,852,881
Other credit balances (excluding rents received in advance)	163,669	-	163,669
	2,016,550	6,008,373	8,024,923

28.4 Capital risk management

The Group's objective when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group's sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust, return capital to shareholders, issue new shares or sell assets to reduce debt.

29. Fair value of financial assets and liabilities

The fair value represents 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. In the opinion of the Group's management, the carrying values of the financial assets and liabilities as at 31 December are not significantly different from their carrying value.

29. Fair value of financial assets and liabilities (Continued)

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

	Carried at fair value	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
2019				
Financial assets:				
Financial assets at fair value through profit or loss	487,606	-	-	487,606
Due from a related party	-	-	401,380	401,380
Trade receivables and other debit balances (excluding advance payments to projects, advance payments to purchase under development lands and prepaid expenses)	-	-	9,745,111	9,745,111
Cash and bank balances	-	-	569,542	569,542
	487,606	-	10,716,033	11,203,639
Financial liabilities:				
Other credit balances (excluding rents received in advance)	-	-	128,761	128,761
	-	-	128,761	128,761

	Carried at fair value	Carried at cost	Carried at amortised cost	Total
	KD	KD	KD	KD
2018				
Financial assets:				
Financial assets at fair value through other comprehensive income	1	-	-	1
Trade receivables and other debit balances (excluding advance payments to projects and prepaid expenses)	-	-	423,315	423,315
Cash and bank balances	-	-	1,993,144	1,993,144
	1	-	2,416,459	2,416,460
Financial liabilities:				
Due to related parties	-	-	6,008,373	6,008,373
Other credit balances (excluding rents received in advance)	-	-	163,669	163,669
	-	-	6,172,042	6,172,042

29. Fair value of financial assets and liabilities (Continued)

Financial and non-financial assets measured at fair value

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (inputs relating to prices).
- Level 3: inputs are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial and non-financial assets are classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2019	**Level 1**	**Level 2**	**Total**
	KD	KD	KD
Non-financial assets			
Investment properties	-	3,885,000	3,885,000
Financial assets			
Financial assets at fair value through profit or loss	487,606	-	487,606
Total	487,606	3,885,000	4,372,606

31 December 2018	**Level 1**	**Level 2**	**Total**
	KD	KD	KD
Non-financial assets			
Investment properties	-	19,523,000	19,523,000
Financial assets			
Financial assets at fair value through other comprehensive income	1	-	1
Total	1	19,523,000	19,523,001

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

29. Fair value of financial assets and liabilities (Continued)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

All other financial assets and financial liabilities carried at amortised cost approximate their fair values at the consolidated financial position date.

The valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous consolidated financial statements period.