



Kuwait National Cinema Company K.P.S.C
And its Subsidiaries
State of Kuwait

Consolidated Financial Statements and Independent Auditor's report
For the year ended 31 December 2020



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Contents	Page
Independent Auditor's Report	1-4
Consolidated Statement of Financial Position	5
Consolidated Statement of Income	6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10-36

Independent Auditor's Report to the Shareholders

Kuwait National Cinema K.P.S.C.

State of Kuwait

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Kuwait National Cinema – K.P.S.C (“Parent Company”) and its subsidiaries (referred collectively as “the Group”) which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of income, other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

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

Key Audit Matters

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

Revenue recognition – Movies Shows

There is an inherent risk around the accuracy and timing of revenue recorded due to the complexity of Information Technology (IT) environment over which tickets for movie shows are sold. Application of the revenue recognition principles contained with IFRS 15 “Revenue from Contracts with Customers” results in revenue being recognized when the related movie show has been exhibited. Accordingly, we have identified revenue recognition from movie shows as a key audit matter.

Our audit procedures included the following:

- We evaluated the relevant IT systems and the design and operating effectiveness of controls over the IT environment as well as the design and implementation of controls specific to the recording of ticket sales and the recognition of related revenue.
- We reconciled the amounts banked from ticket sales to the amounts recorded as revenue in the consolidated financial statements.
- We audited the reconciliation between revenue recorded in the accounting recorded and the cash collected in banks.
- We performed substantive test of details and analytical procedures which included, but were not limited to, a monthly revenue analysis, an analysis of revenue per movie and the average ticket price.
- We assessed the disclosures in the consolidated financial statements relating to revenue against the requirements of IFRSs.

The accounting policies for revenue recognition from movie shows is set out in Note 2.3.13 and the details of revenue are disclosed in Note 20 to the consolidated financial statements.

Independent Auditor's Report to the Shareholders (continued)

Kuwait National Cinema K.P.S.C.

State of Kuwait

Report on the Audit of Consolidated Financial Statements (continued)

Impairment of property plant and equipment and right-of-use leased assets

Property plant and equipment and right-of-use leased assets are carried at KD 34,420,143 and KD 22,199,940 respectively as of 31 December 2020. These comprise assets related to cinema and buffet divisions carried at cost less accumulated depreciation and amortization of KD 47,776,989 as disclosed in notes 5 and 7 to the consolidated financial statements. The operation of the cinema and buffet divisions was suspended in 2020 as a consequence of the ongoing Covid-19 pandemic and had not recommenced at the date of this report. Accordingly management has tested these assets for impairment.

The aforementioned impairment test is significant to our audit because the assessment of the recoverable amount requires management to apply significant judgement and make significant estimates. The determination of these judgements and estimates is further complicated by the effect of the ongoing Covid-19 pandemic. Management used the value in use method to assess the recoverable amount of the assets. The determination of the value in use requires that judgments and estimates be made concerning future cash flows, growth rates, future business prospects and associated discount rates. Accordingly, we consider this as a key audit matter.

Our audit procedures included the following:

- We evaluated the design and implementation of relevant controls over the impairment process.
- Together with our internal valuation specialists, we assessed the appropriateness of the group's valuation methodology applied in determining the recoverable amount as well as the impact of the Covid-19 pandemic on the business, to determine if it was in compliance with the requirements of IFRSs;
- We discussed potential changes in key drivers with management in order to evaluate whether the inputs and assumptions used in the cash flow forecast were suitable;
- We reperformed the mathematical accuracy of the value in use calculation;
- We performed a sensitivity analysis of the value in use calculation; and
- We assessed the appropriateness of the disclosures made in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Information

Management is responsible for the other information. The other information consist of information included in the Annual Report of the Group for the year ended 31 December 2020, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report of 2020 after the date of the auditor's report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Shareholders (continued)

Kuwait National Cinema K.P.S.C.

State of Kuwait

Report on the Audit of Consolidated Financial Statements (continued)

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 reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

Independent Auditor's Report to the Shareholders (continued)

Kuwait National Cinema K.P.S.C.

State of Kuwait

Report on the Audit of Consolidated Financial Statements (continued)

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

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

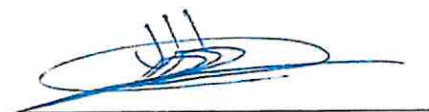
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No 1 of 2016 and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2020 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our Audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended, during the year ended 31 December 2020, that might have had a material effect on the business of the Group or on its consolidated financial position.



Talal Yousef Al-Muzaini

Licence No. 209 A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 10 March 2021

Consolidated Statement of Financial Position as at 31 December 2020

(All amounts are in Kuwaiti Dinar)

	Note	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	5	34,420,143	22,770,559
Investments property	6	4,656,722	4,673,004
Right-of-use leased assets	7	22,199,940	12,513,576
Intangible assets	8	2,207	796,514
Investment in an associate	9	36,205,862	39,460,952
Investments at fair value through other comprehensive income	10	5,540,909	8,365,409
Trade and other receivables		784,046	784,046
		<u>103,809,829</u>	<u>89,364,060</u>
Current assets			
Inventories		891,150	658,188
Trade and other receivables	11	379,160	961,314
Cash and cash equivalents	12	20,321,601	28,181,756
		<u>21,591,911</u>	<u>29,801,258</u>
Total assets		<u>125,401,740</u>	<u>119,165,318</u>
Equity and Liabilities			
Equity			
Share capital	13	10,106,250	10,106,250
Treasury shares	14	(8,201,231)	(8,122,474)
Statutory reserve	15	5,065,834	5,065,834
Voluntary reserve	16	14,241,729	14,241,729
Other reserves	17	17,167,943	20,077,146
Retained earnings		28,806,250	39,360,176
Equity attributable to shareholders of the Parent Company		67,186,775	80,728,661
Non-controlling interests		18,215	39,735
Total equity		<u>67,204,990</u>	<u>80,768,396</u>
Liabilities			
Non-current liabilities			
Lease liabilities	7	20,797,466	10,721,130
Post-employment benefits		1,462,036	1,755,042
		<u>22,259,502</u>	<u>12,476,172</u>
Current liabilities			
Trade and other payables	18	10,328,357	9,618,366
Lease liabilities	7	1,762,879	1,594,341
Loans and bank facilities	19	23,846,012	14,708,043
		<u>35,937,248</u>	<u>25,920,750</u>
Total liabilities		<u>58,196,750</u>	<u>38,396,922</u>
Total equity and liabilities		<u>125,401,740</u>	<u>119,165,318</u>

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

Abdul Wahab Marzouq Al Marzouq
Chairman

Hisham Fahad Al-Ghanim
Vice Chairman

Consolidated Statement of Income for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar)

	Note	2020	2019
Operating revenues	20	4,841,910	19,553,127
Operating costs		(8,017,944)	(17,384,775)
Gross (loss)/ profit		(3,176,034)	2,168,352
Other operating income	21	3,950,496	10,788,102
Administrative and general expenses		(2,261,083)	(2,670,903)
Other operating expenses	21	(1,798,107)	(3,747,543)
(Losses)/ income from valuation of investments property	6	(16,282)	94,260
Net profit of financial investments	22	104,241	234,028
Group's share in an associate's results	9	(3,306,187)	3,262,947
Finance expenses		(801,132)	(1,174,877)
Net (loss)/profit before deductions		(7,304,088)	8,954,366
Contribution to Kuwait Foundation for the Advancement of Sciences		-	(49,695)
National Labour Support Tax		-	(220,291)
Zakat		-	(48,088)
Board of Directors' remuneration	24	-	(60,000)
Net (loss)/profit for the year		(7,304,088)	8,576,292
Attributable to:			
Shareholders of the Parent Company		(7,308,818)	8,572,305
Non-controlling interest		4,730	3,987
		(7,304,088)	8,576,292
Basic and diluted (losses)/ earnings per share (fils)	23	(78.86)	92.45

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

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar)

	2020	2019
Net (loss)/ profit for the year	<u>(7,304,088)</u>	<u>8,576,292</u>
Other comprehensive income items		
<i>Items that cannot be re-classified subsequently to statement of income:</i>		
Net change in fair value of investments at FVTOCI	(2,824,500)	1,096,407
Group's share from changes in fair value reserve of an associate	<u>49,476</u>	<u>(122,516)</u>
	<u>(2,775,024)</u>	<u>973,891</u>
<i>Items can be re-classified later into statement of income:</i>		
Group's share from differences of foreign currency reserve of an associate	1,621	(2,297)
Exchange differences on translation of a subsidiary	<u>(9,730)</u>	<u>(61,628)</u>
	<u>(8,109)</u>	<u>(63,925)</u>
Total other comprehensive (loss)/ income items	<u>(2,783,133)</u>	<u>909,966</u>
Total comprehensive (loss)/ income for the year	<u>(10,087,221)</u>	<u>9,486,258</u>
Attributable to:		
Shareholders of the Parent Company	(10,091,951)	9,482,271
Non-controlling interest	<u>4,730</u>	<u>3,987</u>
	<u>(10,087,221)</u>	<u>9,486,258</u>

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

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company						Non- controlling interests	Total
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 17)	Retained earnings		
Balance as at 1 January 2019	10,106,250	(8,095,324)	5,065,834	13,346,691	17,444,180	36,760,616	36,124	74,664,371
Impact of adoption of IFRS 16	-	-	-	-	-	(443,935)	-	(443,935)
Balance as at 1 January 2019 - restated	10,106,250	(8,095,324)	5,065,834	13,346,691	17,444,180	36,316,681	36,124	74,220,436
Net profit for the year	-	-	-	-	-	8,572,305	3,987	8,576,292
Other comprehensive income items	-	-	-	-	909,966	-	-	909,966
Total comprehensive income for the year	-	-	-	-	909,966	8,572,305	3,987	9,486,258
Purchase of treasury shares	-	(27,150)	-	-	-	-	-	(27,150)
Group's share from increase of associate's contribution in a subsidiary	-	-	-	-	-	2,628	-	2,628
Cash dividends	-	-	-	-	-	(4,636,400)	(376)	(4,636,776)
Transferred to reserves	-	-	-	895,038	-	(895,038)	-	-
Surplus of revaluation lands	-	-	-	-	1,723,000	-	-	1,723,000
Balance as at 31 December 2019	10,106,250	(8,122,474)	5,065,834	14,241,729	20,077,146	39,360,176	39,735	80,728,661
Balance as at 1 January 2020	10,106,250	(8,122,474)	5,065,834	14,241,729	20,077,146	39,360,176	39,735	80,728,661
Net loss for the year	-	-	-	-	-	(7,308,818)	4,730	(7,304,088)
Other comprehensive loss items	-	-	-	-	(2,783,133)	-	-	(2,783,133)
Total comprehensive loss for the year	-	-	-	-	-	(7,308,818)	-	(7,308,818)
Purchase of treasury shares	-	(78,757)	-	-	-	-	-	(78,757)
Cash dividends (Note 24)	-	-	-	-	-	(3,245,108)	-	(3,245,108)
Cash dividends in a subsidiary	-	-	-	-	-	-	(26,250)	(26,250)
Deficit of land revaluation	-	-	-	-	(126,070)	-	-	(126,070)
Balance as at 31 December 2020	10,106,250	(8,201,231)	5,065,834	14,241,729	17,167,943	28,806,250	18,215	67,204,990

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

Consolidated Statement of Cash Flows for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar)

	Note	2020	2019
Cash flow from operating activities			
Net (loss)/ profit for year		(7,304,088)	8,576,292
<i>Adjustments for:</i>			
Depreciation and amortization	5 & 8	2,440,752	4,114,645
Amortization of right-of-use assets	7	2,166,268	2,216,064
Loss on disposal of property, plant and equipment		707	515,406
Rental concession		(1,420,582)	-
Net gains from investments at FVTOCI	22	(104,241)	(234,028)
Change in fair value of investment property	6	16,282	(94,260)
Group's share in an associate's results	9	3,306,187	(3,262,947)
Post-employment benefits		182,091	197,552
Expected credit losses - Formed		203,556	184,789
Finance expenses		801,132	1,174,877
Operating profit before changes in working capital		288,064	13,388,390
Change in inventories		(232,962)	(32,359)
Change in trade and other receivables		353,871	13,984
Change in trade and other payables		(925,140)	313,836
Cash generated from operating activities		(516,167)	13,683,851
Post-employment benefits paid		(475,097)	(335,962)
Net cash (used in)/ generated from operating activities		(991,264)	13,347,889
Cash flows from investing activities			
Paid for purchase of property, plant and equipment		(11,478,870)	(5,405,352)
Paid for purchase of intangible assets	8	(390,700)	(1,940,565)
Paid-for purchase of investments at FVTOCI		-	(7,193,773)
Proceeds from sale of investments at FVTOCI		-	12,120,446
Dividends received		104,241	1,986,372
Net cash used in investing activities		(11,765,329)	(432,872)
Cash flows from financing activities			
Net proceeds/ (paid) from loans and bank facilities		9,137,969	(11,831,148)
Paid for acquisition of treasury shares		(78,757)	(27,150)
Finance expenses paid		(437,486)	(803,218)
Repayment of lease liability		(595,496)	(2,225,800)
Dividends paid		(3,134,088)	(4,482,908)
Net cash generated from/ (used in) financing activities		4,892,142	(19,370,224)
Net change in cash and cash equivalents		(7,864,451)	(6,455,207)
Cash and cash equivalents at the beginning of the year	12	28,190,494	34,645,701
Cash and cash equivalents at the end of the year	12	20,326,043	28,190,494

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. Incorporation and activities

Kuwait National Cinema Company "the Parent Company" was established as a Kuwaiti Shareholding Public Company in the State of Kuwait on 5 October 1954. The main objectives of the Parent Company are establishing, operating and utilizing cinemas inside and outside Kuwait, importing, producing and distributing movies of different genres and sizes, in addition to exporting, leasing and selling them to others. As well as, importing all machinery and equipment required for cinema industry and trading therein. The Parent Company's objectives also include trading in raw movies, tools of cinematography and projection, along with its furniture and in general, everything that would be involved or used in cinema industry. In addition, bidding for all tenders, government or private is also included within its objectives. The Parent Company has the right to deal with theatre groups, music and marching bands inside and outside the state of Kuwait in order to hold concerts and performances, on the condition that such concerts and performances should be held in accordance with the state's laws and regulations. The Parent Company has also the right to lease cinemas to government and private bodies as well as impresarios. In general, the Parent Company is specialized in everything related to cinema and its aspects of education, entertainment and intellectual activity inside and outside Kuwait. Utilizing financial surpluses available to the company through investing them in real estate and financial portfolios managed by specialized companies and entities. The Parent Company has the right to establish, operate and utilize theatres, import all machinery, equipment and devices required for this activity, utilize and lease shops, restaurants, coffee shops, fun games halls in cinema and theatre buildings, manage and operate the visual and audio media and carry out the activities of publishing, distribution and media. The Parent Company has the right to exercise its activities directly or by leasing to others or acting on behalf of others. The Parent Company may have an interest or participate in any way in any entity that conducts similar business or which may help it achieve its objectives. The company has the right also to establish and participate such entities and carries out its all objectives inside and outside Kuwait.

The registered office of the Company is located at Old Khaitan area, Plot 9, Building 164, 2nd floor (office 1 & 2), P.O. Box 502 Safat, 13006 Safat, Kuwait.

These consolidated financial statements include the financial statements of the Parent Company and its following Subsidiaries (collectively "the Group").

	Ownership Percentage (%)	Activity	Incorporation Country
International Film Distribution Company – K.S.C.C	99.25	Publishing and film distribution	Kuwait
Al Kout Film Production and Distribution Company – S.A.E	100	Production and film distribution	Egypt

The Group have full control over its subsidiaries. There is no material non-controlling interest to be disclosed.

The consolidated financial statements were authorised for issuance by the Board of Directors of the Parent Company on 10 March 2021. The general assembly of the shareholders of the Parent Company has the authority to amend the consolidated financial statements.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

These consolidated financial statements are prepared under the historical cost basis of measurement, except for investments property, lands and investments at fair value through statement of other comprehensive income that are measured at fair value, as explained in the accounting policies below. The accounting policies of the Group have been consistently applied to all years presented, except as stated in note 2.2 in relation to adoption of new and revised International Financial Reporting Standards.

The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Group.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (4).

2.2 Application of new and revised International Financial Reporting Standards (IFRS)

2.2.1 Changes in accounting policies and disclosures

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

Amendments to IAS 1 and IAS 8: Definition of Material

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

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16: Covid-19 Related Rent Concessions

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

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

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient to all rent concessions that meet the conditions in IFRS 16: 46B.

The Group has benefited from waiver of lease payments on movie theaters. The waiver of lease payment of KD 1,420,582 has been accounted for as a negative variable lease payment into other operating income in the consolidated statement of income. The Group has derecognized the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of IFRS 9: 3.3.1. The Group continued to recognise interest expense on the lease liability.

Conceptual Framework for Financial Reporting issued on 29 March 2018

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

2.2.2 New and revised IFRS Standards in issue but not yet effective

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

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

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2020
(All amounts are in Kuwaiti Dinar unless otherwise stated)

2.3 Significant Accounting Policies

2.3.1 Basis of Consolidation

Subsidiaries

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

The Group reassesses 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 company obtains control over the subsidiary and ceases when the Company loses 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 Company gains control until the date in which the Company ceases to control the subsidiary.

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss resulting from derecognition is recognised in the statement of income and is calculated as the difference between

The aggregate of the fair value of the consideration received and the fair value of any retained interest,

The carrying amount of the assets before disposal (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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

Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except for 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 any interest acquired previously over the net of the asset acquired of the identifiable assets acquired and the liabilities assumed as at the acquisition date. If the net of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the any interest acquired previously, the excess is recognised immediately in the consolidated statement of income as gain.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Non-controlling interests may be measured either at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value of such share. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured 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 the consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the statement of income where such treatment would be appropriate if that interest were disposed off.

Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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

2.3.2 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The resulted assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "non-current assets held for sale and non-continuing operations. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred constructive obligations or made payments on behalf of the associates or joint venture.

On acquisition of an associate or a joint venture, any excess of the cost of the acquisition over the Group's share of the net fair value of the identifiable assets and liabilities and contingent liabilities of the associate and joint venture as at the acquisition date is recognised as goodwill, which is included within the carrying amount of the investment in the associates and joint ventures. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in the consolidated statement of income.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss in the associates or joint ventures. The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the requirements of IAS 36 "Impairment of Assets".

When a Group entity transacts with an associate or a joint ventures of the Group, profits and losses resulting from the transactions with the associate or joint venture are disposed from the share of the Group in an associate or a joint venture.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2.3.3 Property, plant and equipment

Property, plant and equipment, other than lands, are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance, repairs and immaterial renewal are recognized in the consolidated statement of income for the period in which the expenses are incurred.

Land is stated at fair value based on periodic valuations by independent real estate experts usually every three to five years or at early periods if significant or volatile change in fair value are experienced. Any valuation increase arising on revaluation of land is recognised directly in equity under revaluation reserve except to the extent that it reverses a revaluation decrease for the same asset previously recognized in the profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expensed.

Decline in carrying amount arising as a result of the revaluation is directly charged to the consolidated statement of income to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation.

Depreciation is calculated based on estimated useful life of the applicable assets except for the lands on a straight line basis. The carrying amount is written down immediately to its recoverable amount if the carrying amount of Property, plant and equipment 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 estimate accounted basis.

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

Projects under construction are included in property, plant and equipment until they are completed and ready for their intended use. At that time they are reclassified under the appropriate category of assets and the depreciation is calculated since then.

2.3.4 Intangible assets

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

Amounts paid as cost for purchasing films are capitalized within intangible assets and are amortized on the time periods according to the expected future benefits.

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

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

2.3.5 Impairment of tangible and intangible assets other than goodwill

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

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2.3.6 Investments property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period in which the property is derecognised.

2.3.7 Financial Instruments

Recognition and derecognition

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

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

A financial asset (in whole or in part) is de-recognized when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

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

Classification and measurement of financial assets and financial liabilities

Financial Assets

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

The business model assessment:

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

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

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Contractual cash flow assessment

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

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

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

Financial assets are classified into following categories under IFRS 9:

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

Amortised cost (AC)

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

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

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

Fair Value through Other Comprehensive Income (FVOCI)

Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI if it meets both of the following conditions:-

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instrument classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognised in consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated statement of profit or loss.

Equity instruments at FVOCI

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

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2020
(All amounts are in Kuwaiti Dinar unless otherwise stated)

Fair Value Through Profit and Loss (FVTPL)

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

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

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

Financial liabilities

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

Impairment of financial assets

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

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

Stage 1: 12 months ECL

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

Stage 2: Lifetime ECL – not credit impaired

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

Stage 3: Lifetime ECL – credit impaired.

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

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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

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

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

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

Hedge Accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

2.3.8 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a weighted average cost basis. Net realizable value is determined based on the estimated selling prices less all the estimated costs of completion and costs necessary to make the sale.

2.3.9 Post-employment benefits

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees upon termination of employment. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the consolidated financial statements date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.3.10 Provisions

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

2.3.11 Treasury shares

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2.3.12 Foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. At the date of the consolidated financial statements, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

Group's entities

The results and financial position of all of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows (other than companies which are operating in high inflation countries):

- Assets and liabilities for each financial position statement are translated at the closing rate at the date of the financial statements.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of equity.

2.3.13 Revenues recognition

Revenues from contracts with customers are recognized when the entity meets performance obligation through transferring the promised goods or services to the customer. Such goods or services are considered transferred when the customer has control over these goods or services at point in time or point over time.

Revenues are measured at the consideration expected to be received by the entity having the right to do so against transferring the promised good or service to the customer, except for the amounts collected on behalf of third parties. The consideration promised in a contract with the customer includes fixed or variable amounts or both of them.

- Revenues from movies shows are recognized at point in time, when the entity meets performance obligation and the customer has control over such service.
- Revenues from movies distribution are recognized at point over time, when the entity meets performance obligation through transferring the right of use promised to the customer.
- Revenues from foods and drinks goods are recognized at point in time, when the entity meets performance obligation and the customer has control over such goods.
- Revenues from consultancy contracts are recognized at point over time, when the entity meets performance obligation and the customer has control over such service.
- Other revenues are recognized at point in time or point over time, once such service is rendered or upon completing the service according to its nature.
- Revenues from dividends resulting from equity instruments designated at FVOCI in the statement of income, when the Company's right in receiving dividends, unless such dividends are represented clearly in redeeming a portion of investment cost.
- Interest income is recognized on a time proportion Using specific effective methods.

2.3.14 Accounting for Leases

The Group as a lessee

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

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

- the amount of the initial measurement of the lease liability.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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

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

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

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

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

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

Subsequent Measurement

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss (Note 2.3.5).

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

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

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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

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

Where the Group is the lessor

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

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

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

2.3.15 Borrowing costs

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

All other borrowing costs are recognised as expenses in the period in which they are incurred.

2.3.16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3. Financial risk management

3.1 Financial risk

The Group's operations expose it to certain financial risks, market risks (which include foreign currency risks and risks of fair value resulting from change in interest rates, and risks of fluctuations in cash flows resulting from change in interest rates, and market prices risks) credit risk and liquidity risks.

The Group manages these financial risks, by the continuous evaluation of market conditions and its trends and the management's assessments of the changes for long-term and short-term market factors.

Market risk

Market risk is the risk of loss resulting from fluctuations in the fair value or the future cash flows of financial instrument due to changes in the market prices. Market risks include three types of risk: foreign currency risk, interest rate risk and price risk.

The Group's senior management monitors and manages its market risks by regular oversight of the market's circumstances and the change in foreign exchange and interest rates, and market prices.

Foreign currency risk

Foreign exchange risk is the risk that the fluctuations in the fair value or the future cash flows of a financial instrument as a result of changes in the Group's foreign exchange rates or the value of monetary assets and liabilities denominated in foreign currencies.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The Group is exposed to foreign currency risks resulted mainly from the Group's dealings with financial instruments denominated in foreign currency. Foreign currency risks are resulting from the future transactions on financial instruments in foreign currency as reflected in the financial statements.

The major transactions of the Group are in Kuwaiti Dinars. Financial assets in foreign currency are represented in certain receivables and bank current accounts. Financial liabilities in foreign currencies are represented and certain payables in foreign currencies.

The Group follows up the foreign currency risks through:

- Follow-up the changes in foreign currency exchange rates on regular basis
- Minimize dealing with financial instruments denominated in foreign currency and due to the main Group's activity.

The following is net foreign currencies positions as at the date of the consolidated financial statements:

	2020	2019
US Dollars	15,305,393	15,407,830

Had the USD changed by 10% against the Kuwaiti Dinar, the consolidated financial statements of the Group would be changed as follows:

	2020	2019
Net profit	1,530,539	1,540,783

Price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risks and risks of interest rates). The Group is exposed to such risks as the Group owns investments classified in the consolidated financial position as investment at FVTOCI investments.

The Group's management monitors and manages such risks through: -

- Manage the Group's investments through portfolios managed by specialized portfolio managers.
- Invest in companies' shares that have good financial positions that generate high operating income and cash dividends and with well performing investment funds.
- Investments in unquoted shares and securities should be in companies that carry similar activities where such investments should be studied and approved by the senior management.
- Periodic follow-up of the changes in market prices.

As at 31 December 2020, if the market price index changes by 5% in excess or less, with all other variables held constant, the effect on other comprehensive income (as a result of changes in the fair value of financial assets investment at FVTOCI) as a result of the 5% potential change in the market index, with all other variables held constant will be in the range of KD 231,262 as at 31 December 2020 (KD 292,260 as at 31 December 2019).

Interest rate risks

Interest rate risks are the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial instruments with fixed interest rates expose the Group to fair value interest rate risks. Financial instruments with variable interest rates expose the Group to cash flow interest rate risks.

The financial Instruments held by the Group which are exposed to this risk are represented in loans and bank facilities (Note 19).

Borrowings granted to the Group are at variable interest rate.

As at 31 December 2020, had interest rates been 100 basic point higher/lower, net profits of the year would have been lower/higher by KD 238,460 (KD 183,551 - 2019) approximately.

The Group's management monitors and manages such risks through:

- Regular follow-up of the market interest rates.
- Borrowings for short terms, which help mitigating interest rate risks.
- Maintaining short time deposits.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Receivables, cash and cash equivalents are considered the most of the assets exposed to credit risk. The Group monitors and manages this risk by:

- Dealing with high credit worthiness and reputable customers.
- Dealing with highly credit rated banks.

The management of the Group believes that the maximum exposure to credit risks as at 31 December is as follows:

	2020	2019
Trade and other receivables (Note 11)	1,856,332	2,142,117
Current accounts, deposits and cash at investment portfolios (Note 12)	20,307,049	28,149,526

Liquidity risks

Liquidity risk is the risk that the Group fails to meet its financial obligations related to the financial liabilities when due. Liquidity risk management mainly represents in maintaining sufficient cash and high liquid financial instruments and the availability of funding resources to meet the Group's liquidity requirements.

The Group's financial obligations as at 31 December 2020 and 2019 mature within one year. Therefore, the financial liabilities are not significantly different from its fair values as at that date because the effect of such discount is insignificant.

Current liabilities exceed current assets by KD 14,345,337 as at 31 December 2020, The Group's management believes that the short-term bank facilities are renewable for periods highly reliable.

Subsequent to the date of the financial statements, the Group rescheduled short-term loans in the amount of KD 13,000,000 for one year.

3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to the shareholders through the optimisation use of the equity.

The capital structure of the Group consists of net debt (borrowings less cash and cash at banks) and equity (including capital, reserves, retained earnings and non-controlling interests).

During 2020, the Group's strategy does not change from 2019; which is to maintain lowest possible gearing ratio.

3.3 Fair value

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

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

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

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

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

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

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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

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

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

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

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

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

The table below gives information about how the fair values of the significant financial assets and liabilities are determined:

	Fair value as at		Date of valuation	Fair value hierarchy	Valuation technique(s) and input(s)	Significant unobservable inputs	Relation of unobservable inputs to fair value
	31 December 2020	31 December 2019					
<u>Equity instruments designated as FVTOCI</u>							
Quoted shares	4,625,243	5,845,197	31 December 2020	Level 1	Last bid price	N/A	N/A
Investment funds	4,168	4,168	31 December 2020	Level 2	Net assets value	N/A	N/A
Unquoted shares	52,832	52,832	31 December 2020	Level 3	Price multiple	Discount rate	Higher discount results in value decline
Unquoted shares	32,016	1,134,643	31 December 2020	Level 3	Discounted cash flows	Discount rate	Higher discount results in value decline
Unquoted shares	826,650	1,328,569	31 December 2020	Level 3	Net adjusted book value	N/A	N/A

Adjustment to determine fair value hierarchy 3

	2020	2019
Balance as at 1 January	2,516,044	1,574,511
Change in fair value	(1,604,546)	941,533
Balance as at 31 December	911,498	2,516,044

The fair value of other financial assets and financial liabilities approximately equal its book value as at the financial information date.

4. Critical accounting estimates, assumptions and key sources 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 estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Judgements:

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

Classification of investments in equity instruments - IFRS 9

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

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

Classification of real estate

The management will decide on the acquisition of a real estate whether it should be classified as held for trading, property under development or investment property.

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

The Group classifies property as property under development when acquired for the purpose of development.

The Group classifies property as investment property if acquired to generate rental income or for capital appreciation, or for undetermined future use.

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Discounting of lease payments

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

Sources of estimation uncertainty

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

Fair value measurement and valuation techniques

Certain assets and liabilities of the Group are measured at fair value for preparing the financial statements. The Group's management determines the appropriate key methods and inputs required for the fair value's measurement. Upon determining the fair value of assets and liabilities, the management uses an observable market data. In case no market observable data is available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about the evaluation methods and necessary inputs, which are used to determine the fair value of assets and liabilities, has been disclosed in notes 3.3, 5, 6 and 10.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Impairment of an associate

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

Useful lives of property, plant and equipment and right of use assets

The management determines the useful lives and depreciations of property, plant and equipment, as well as increases the depreciation expense when the estimated useful lives became lower than the previously estimated useful lives, or eliminates or write down value of the obsolete assets or non-strategic assets whether disposed or sold.

Impairment of properties, plant and equipment

The Group reviews the carrying amounts of its properties, plant and equipment and right of use assets to determine whether there is any indication that those assets have suffered an impairment loss in accordance with accounting policies. The recoverable amount of an asset is determined based on higher of fair value and value in use. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Contingent liabilities/liabilities

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

5. Property, plant and equipment

	Lands	Buildings	Machinery, Equipment & Vehicles	Furniture & Computers	Projects in progress	Total
Cost or valuation						
As at 1 January 2019	5,351,999	9,271,506	6,959,124	3,457,957	2,617,097	27,657,683
Additions during the year	-	3,168,562	450,873	476,684	1,309,233	5,405,352
Revalue lands	1,723,000	-	-	-	-	1,723,000
Transferred from projects under process	-	844,669	619,383	80,270	(1,544,322)	-
Transferred from investments properties (Note 6)	1,894,165	607,831	-	-	-	2,501,996
Disposals	-	(849,678)	(207,177)	(472,924)	-	(1,529,779)
As at 31 December 2019	8,969,164	13,042,890	7,822,203	3,541,987	2,382,008	35,758,252
Additions during the year	-	216,086	14,493	1,155	12,789,671	13,021,405
Revalue lands	(126,070)	-	-	-	-	(126,070)
Disposals	-	(555)	(460)	-	-	(1,015)
As at 31 December 2020	8,843,094	13,258,421	7,836,236	3,543,142	15,171,679	48,652,572
Total depreciation and impairment						
As at 1 January 2019	-	4,488,156	4,981,241	2,907,947	-	12,377,344
Depreciation for the year	-	1,028,423	471,948	124,351	-	1,624,722
Disposals	-	(390,572)	(204,695)	(419,106)	-	(1,014,373)
As at 31 December 2019	-	5,126,007	5,248,494	2,613,192	-	12,987,693
Depreciation for the year	-	635,228	462,127	147,689	-	1,245,044
Disposals	-	(2)	(306)	-	-	(308)
As at 31 December 2020	-	5,761,233	5,710,315	2,760,881	-	14,232,429
Net book value						
As at 31 December 2020	8,843,094	7,497,188	2,125,921	782,261	15,171,679	34,420,143
As at 31 December 2019	8,969,164	7,916,883	2,573,709	928,795	2,382,008	22,770,559
Useful lives (year)		5-40	4-15	5-15		

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

- The historical cost of land, that are measured at fair value is KD 650,000 as at 31 December 2020 & 2019.
- The net book value of certain of the Group's buildings are constructed on lands leased from the State on a land leasehold right basis amounted to KD 78,886.
- The fair value of the lands as at 31 December 2020 are estimated based on valuations carried out by independent valuers not related to the Group. The independent valuers are licensed from the relevant regulatory bodies and they have appropriate qualifications and experiences in valuation of properties one of these appraisers is a local bank.
- The fair value of lands has been determined based on acceptable methods of valuation such as market comparable. As the significant valuation inputs used are based on unobservable market data these are classified under level 3 fair value hierarchy (Note 3.3). The increase in the unobservable inputs would result in a decrease in the fair value in general, and vice versa.
- In estimating the fair value, their current use was assumed to be the best use of these lands.
- The Group has studied the impairment of property, plant and equipment (except lands) based on the value in use method. The Group's management, based on the impairment study for property, plant and equipment (except for lands) as well as the right to use leased assets, a conclusion reached that the recoverable value exceeds the book value as at 31 December 2020 assuming that the period of coverage of the financial budgets ranges from 5-20 years and that the discount rate It ranges from 7% - 10% annually.

Capitalized financing interest included in the additions amounted to KD 89,797 as at 31 December 2020 (KD Nil as at 31 December 2019).

Depreciation has been charged to the statement of income as follows:

	2020	2019
Operating costs	1,031,754	1,459,408
Other operating expense	53,100	71,560
Administrative and General expenses	160,190	93,754
	<u>1,245,044</u>	<u>1,624,722</u>

6. Investments property

Movement on investments property are as follows:

	2020	2019
Balance as at 1 January	4,673,004	7,080,740
Transferred to property, plant and equipment (Note 5)	-	(2,501,996)
Change in fair value	(16,282)	94,260
Balance at 31 December	<u>4,656,722</u>	<u>4,673,004</u>

Investments property are presented in real estate owned by the Group that has been constructed to be used as investment property in accordance with the Articles of Association and its amendments.

The fair value of the Group's investments property as at 31 December 2020 are estimated based on valuations carried out by independent valuers not related to the Group. The independent valuers are licensed from the relevant regulatory bodies and they have appropriate qualifications and recent experiences in valuation of properties at the relevant locations one of these appraisers is a local bank.

The fair value of investments property has been determined based on acceptable methods of valuation such as market comparable. As the significant valuation inputs used are based on unobservable market data these are classified under level 3 fair value hierarchy (Note 3.3).

The increase in the unobservable inputs would result in a decrease in the fair value in general, and vice versa. In estimating the fair value, their current use was assumed to be the best use of these investments property.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

7. Leases

7.1 When the Group is a lessee

Right-of-use leased assets

The Group as a lessee has leased several assets including buildings, lands, equipment. The Group's obligations are secured by the lessors' title to the leased assets for such leases. Movement on right of use leased assets during the year is as follows:

	2020			2019
	Buildings	Lands	Total	
Net carrying amount				
1 January	11,620,989	892,587	12,513,576	14,729,640
Additions	-	11,852,632	11,852,632	-
Amortization	(2,033,150)	(133,118)	(2,166,268)	(2,216,064)
31 December	9,587,839	12,612,101	22,199,940	12,513,576
Lives (year)	2-7	6-22		

	2020	2019
Lease liabilities		
Non-current lease liabilities		
Amounts due for settlement after 12 months	20,797,466	10,721,130
Current lease liabilities		
Amounts due for settlement within 12 months	1,762,879	1,594,341
	<u>22,560,345</u>	<u>12,315,471</u>

Maturity analysis

Maturity dates of undiscounted lease liabilities are as follows:

	2020	2019
Not later than 1 year	1,762,879	2,014,006
Later than 1 year and not later than 5 years	12,669,257	9,896,172
Later than 5 years	12,235,798	1,571,797
	<u>26,667,934</u>	<u>13,481,975</u>

The breakdown of related lease amounts recognised in profit and loss is as follows:

	2020	2019
Amortization expense on right-of-use assets	2,166,268	2,216,064
Interest expense on lease liabilities (included in finance expenses)	408,320	468,055
Analysis of expense relating to short-term leases	314,054	427,294
Analysis of expense relating to variable lease payments not included in the measurement of the lease liability	199,995	1,054,821
	<u>3,088,637</u>	<u>4,166,234</u>

7.2 When the Group is a lessor

Operating lease arrangements

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms between five to six years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last 8 years. The Group did not identify any indications that this situation will change.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

8. Intangible assets

Intangible assets represent leasehold rights of lands and cost of purchasing movies. Below is the movement of intangible assets during the year:

	2020	2019
Balance as at 1 January	796,514	1,598,840
Foreign currency exchange differences	10,701	42,367
Additions during the year	405,936	2,212,830
Disposals during the year	(15,236)	(272,265)
Transfers to right of use leased assets	-	(295,335)
Amortization for the year	(1,195,708)	(2,489,923)
Balance as at 31 December	<u>2,207</u>	<u>796,514</u>

9. Investment in an associate

This represents the Group's investment in Tamdeen Shopping Centres K.S.C.C at 30%. The following is the movement of such investment during the year:

	2020	2019
Balance as at the beginning of the year	39,460,952	38,564,125
Adjustments from adoption of IFRS 16	-	(443,935)
Group's share in an associate's results	(3,306,187)	3,262,947
Group's share in an associate's reserves	51,097	(122,185)
Dividends	-	(1,800,000)
Balance at the end of the year	<u>36,205,862</u>	<u>39,460,952</u>

Shares of the associate are unquoted. The following is a summary of the associate's financial information as per the consolidated financial statements of the associate which have been prepared in accordance with IFRS:

	2020	2019
Current assets	<u>58,231,961</u>	<u>63,953,297</u>
Non-current assets	<u>394,363,788</u>	<u>361,371,354</u>
Current liabilities	<u>(62,900,651)</u>	<u>(32,467,937)</u>
Non-current liabilities	<u>(229,606,926)</u>	<u>(221,358,438)</u>
Non-controlling interests	<u>(7,753,113)</u>	<u>(8,312,444)</u>

	2020	2019
Revenues	<u>17,608,351</u>	<u>36,009,188</u>
(Loss)/ profit for the year	<u>(12,404,423)</u>	<u>10,146,459</u>
Other comprehensive income for the year	<u>390,186</u>	<u>(475,352)</u>
Total comprehensive (loss)/ income for the year	<u>(12,014,237)</u>	<u>9,671,107</u>
Effect on retained earnings of an associate	<u>-</u>	<u>(1,541,650)</u>
Cash dividends received from an associate during the year	<u>-</u>	<u>1,800,000</u>

The following is reconciliation of the above-summarized financial information for the purpose of determining the book value of the Group's share in Tamdeen Shopping Centres K.S.C.C recognized in the consolidated financial statements:

	2020	2019
Net assets of an associate	<u>152,335,529</u>	<u>163,185,832</u>
Group's share in net assets (30%)	<u>45,700,659</u>	<u>48,955,749</u>
Unrealized gain on elimination of inter-company transactions	<u>(9,494,797)</u>	<u>(9,494,797)</u>
Book value of Tamdeen Shopping Centres K.S.C.C	<u>36,205,862</u>	<u>39,460,952</u>

Associate capital commitment amounted to KD 18,640,124 as at 31 December 2020 (KD 43,994,856 as at 31 December 2019).

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

10. Investments at fair value through statement of other comprehensive income

	2020	2019
Quoted shares	4,625,243	5,845,197
Unquoted shares	911,498	2,516,044
Investment funds	4,168	4,168
	<u>5,540,909</u>	<u>8,365,409</u>

During the year, the Group did not sell any of its investments at fair value through statement of other comprehensive income. The fair value reserve includes an amount of KD 6,328,160 represented in profits related to investments disposals during previous years.

Fair value is determined based on valuation techniques disclosed in (Note 3).

11. Trade and other receivables

	2020	2019
<u>Non-current</u>		
Refundable deposits	<u>784,046</u>	<u>784,046</u>
<u>Current</u>		
Trade receivables	757,805	824,520
Due from related parties (note 25)	-	11,309
Prepaid expenses	204,621	293,138
Staff receivables	314,481	516,604
Other receivables	-	5,638
	<u>1,276,907</u>	<u>1,651,209</u>
Provision for impairment and credit losses	<u>(897,747)</u>	<u>(689,895)</u>
	<u>379,160</u>	<u>961,314</u>
	<u>1,163,206</u>	<u>1,745,360</u>

The movement of provision for impairment and expected losses is as follows:

	2020	2019
Balance as at the beginning of the year	689,895	499,859
Provide during the year	207,852	190,036
Balance as at the end of the year	<u>897,747</u>	<u>689,895</u>

No interest is charged on the overdue trade receivables. The Group does not hold any collateral as security.

The Group always measures the loss allowance for impairment for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Accordingly, trade receivables with a past due are considered as impaired.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

12. Cash and cash equivalents

	2020	2019
Cash on hand	18,994	40,968
Banks current accounts	6,288,649	3,869,816
Time deposits	-	23,621,404
Cash in investment portfolios (Note 25)	<u>14,018,400</u>	<u>658,306</u>
Total cash and cash equivalents for the purpose of cash flows	<u>20,326,043</u>	<u>28,190,494</u>
Provision and credit losses	<u>(4,442)</u>	<u>(8,738)</u>
Cash on hand and at banks and investment portfolios	<u>20,321,601</u>	<u>28,181,756</u>

The effective yield rate on time deposits is 1.97% for the year 2020 (1.97 % - 2019).

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

13. Share capital

The Parent Company's authorized, issued and paid up share capital is amounted to KD 10,106,250 as of 31 December 2020 (KD 10,106,250 as of 31 December 2019) comprising of 101,062,500 shares of 100 fils per share, all shares are in cash.

14. Treasury shares

	2020	2019
Number of treasury shares (share)	8,460,323	8,344,369
Percentage to issued shares (%)	8.37	8.26
Market value	6,387,544	8,344,369

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

15. Statutory reserve

In accordance with Company's Law and the Parent Company's Articles of Association, 10% of annual net profit is to be transferred to statutory reserve. The General Assembly may resolve to discontinue such annual transfers when the reserve reaches 50% of the share capital. This reserve is not available for distribution except for the cases stipulated by Companies Law.

On 14 April 2010, the ordinary general assembly decided to stop the deduction from net profit to statutory reserve as exceeds 50% of the share capital.

16. Voluntary reserve

According to the Parent Company's Articles of Association, a percentage of the net profit for the year proposed by the Board of Directors and approved by the general assembly is transferred to the voluntary reserve. The general assembly may stop this transfer based on the proposal of the Board of Directors. No transfer to voluntary reserve during the year since the group net results are losses.

17. Other reserves

	Lands revaluation reserve	Investments fair value reserve	Currency translation reserve	Treasury shares reserve	Total
Balance as at 1 January 2019	10,066,140	6,869,922	381,025	127,093	17,444,180
Changes in fair value of financial investments at FVTOCI	-	973,891	-	-	973,891
Foreign currency translation reserve	-	-	(63,925)	-	(63,925)
Other comprehensive income items	-	973,891	(63,925)	-	909,966
Revalue lands surplus	1,723,000	-	-	-	1,723,000
Balance as at 31 December 2019	11,789,140	7,843,813	317,100	127,093	20,077,146
Balance at 1 January 2020	11,789,140	7,843,813	317,100	127,093	20,077,146
Changes in fair value of financial investments at FVTOCI	-	(2,775,024)	-	-	(2,775,024)
Foreign currency translation reserve	-	-	(8,109)	-	(8,109)
Other comprehensive loss	-	(2,775,024)	(8,109)	-	(2,783,133)
Revalue lands losses	(126,070)	-	-	-	(126,070)
Balance at 31 December 2020	11,663,070	5,068,789	308,991	127,093	17,167,943

Land revaluation reserve includes the following:

	2020	2019
Land revaluation reserve within property, plant and equipment	8,193,094	8,319,164
Land revaluation reserve within investment properties	2,363,735	2,363,735
Land revaluation reserve sold to an associate	1,106,241	1,106,241
	11,663,070	11,789,140

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

18. Trade and other payables

	2020	2019
Trade payables	2,856,409	3,324,520
Provision for claims	2,154,065	2,154,065
Dividends payables	1,180,981	1,043,711
Payable' retention	1,016,012	481,449
Construction contract payables	1,007,972	-
Expenses and accrued leaves	562,408	935,639
Others' deposits	859,816	534,381
Deferred income	629,017	723,986
Due to related parties (Note 25)	14,057	2,499
Board of Directors' remuneration (Note 24)	-	60,000
Taxes and deductions	21,483	333,928
Other payables	26,137	24,188
	<u>10,328,357</u>	<u>9,618,366</u>

19. Loans and bank facilities

	2020	2019
Short term loans	19,000,000	10,000,000
Banks - Overdrafts	4,846,012	4,397,089
Checks	-	310,954
	<u>23,846,012</u>	<u>14,708,043</u>

- Loans and bank facilities are granted to the Group from local banks against promissory notes and mature within one year.

- The effective interest rate on loans and bank facilities was 2.54% during 2020 (3.94% - 2019).

20. Operating income

This item represents revenues from movies shows and from distribution of movies.

21. Other operating income/expenses

This item includes revenue and expenses of cinema's buffets and cafeterias, and any other revenue and expenses other than those resulted from the main activity.

22. Net gains from investment securities

	2020	2019
Cash dividends and interest income	110,524	243,969
Portfolio management fees	(6,283)	(9,941)
	<u>104,241</u>	<u>234,028</u>

23. Basic and diluted (losses)/ earnings per share to shareholders of the Parent Company

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) plus the weighted average number of ordinary shares to be issued upon conversion of all dilutive potential ordinary shares into ordinary shares. The parent company had no diluted shares as at 31 December 2020/2019.

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding less treasury shares, during the year is as follows:

	2020	2019
Net (losses)/profit for the year attributable for shareholders of the Parent Company	(7,308,818)	8,572,305
Weighted average number of outstanding shares less treasury shares (share)	<u>92,676,051</u>	<u>92,723,044</u>
Basic and diluted (losses)/ earnings per share attributable to the shareholders of the Parent Company (fils)	<u>(78.86)</u>	<u>92.45</u>

Both basic and diluted (losses)/earning per share are equal since the Parent Company does not have diluted outstanding instruments.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

24. Dividends

- On 24 June 2020, the General Assembly of the Parent Company's Shareholders approved the consolidated financial statements for the year ended 31 December 2019 and approved cash dividends of 35 fils per share from profits of 2019, and approved Board of Directors' remuneration of KD 60,000 for the year ended 31 December 2019.
- On 10 March 2021, the Board of Directors of the Parent Company proposed not to distribute profits for the year ended 31 December 2020, and not to proposing Board of Directors remuneration for the year ended 31 December 2020, this proposal is subject to the approval from the shareholders in the general assembly.

25. Related party transactions

Related parties represent the shareholders who have representatives in the Boards of Directors, members of the Boards of Directors, Senior Management and the companies, which are controlled by the major shareholders. In the ordinary course of business, the Group entered into transactions with related parties during the year. The following is the statement of the transactions and balances resulted from such transactions:

	2020	2019
Related parties' transactions		
Key management compensation	185,957	247,180
Expenses (rents, consultancy and others) charged in statement of income	636,535	1,614,762
Other income	149,433	210,560

The balances resulting from those transactions:

	2020	2019
Due from related parties (Note 11)	-	11,309
Due to related parties (Note 18)	14,057	2,499
Cash at investment portfolios (Note 12)	762,816	658,306
Key management compensation balance	(110,453)	(87,579)

A related party manages investment portfolios on behalf of the company. The book value of such portfolio is amounted to KD 5,536,691 as at 31 December 2020 (KD 8,361,241 as at 31 December 2019).

Transactions with related parties are subject to the approval of the General Assembly of shareholders.

26. Segments information

The main objective of the Group is to engage in activities relating to the cinema industry, entertainment, and culture events. In addition, the Group invests its available excess funds through investment portfolios in the state of Kuwait.

The following is the segment information which is presented to the management:

- Cinema division: Represents all activities related to cinema shows and films distribution.
- Concession division: Represents all activities related to concessions supplemented to theatres.
- Investments division: Represents investments FVTOCI, investments equity and investments property.

The following schedule presents the information about revenues, profit, and assets for each division:

	2020				
	Cinema Division	Buffets Division	Investments Division	Unallocated Items	Total
Net revenues	4,841,910	1,432,816	(3,049,407)	2,348,857	5,574,176
Costs	(8,017,944)	(1,155,749)	(144,765)	(3,559,806)	(12,878,264)
Segment's (loss)/ profits	(3,176,034)	277,067	(3,194,172)	(1,210,949)	(7,304,088)
Assets	30,410,386	621,835	46,719,949	47,649,570	125,401,740
	2019				
	Cinema Division	Buffets Division	Investments Division	Unallocated Items	Total
Net revenues	19,553,127	7,770,633	4,070,311	2,538,393	33,932,464
Costs	(17,384,775)	(2,562,909)	(206,932)	(5,201,556)	(25,356,172)
Segment profits/ (loss)	2,168,352	5,207,724	3,863,379	(2,663,163)	8,576,292
Assets	34,755,907	495,332	52,814,920	31,099,159	119,165,318

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

27. Contingent liabilities

The letters of guarantee issued for third parties were amounted to KD 2,386,680 as at 31 December 2020 & 2019.

28. Future commitments

Capital expenditure commitments

	2020	2019
Estimated capital expenditure later contracted	34,707,740	43,159,005
Future commitments for purchasing films	365,064	345,310

29. Impact of COVID-19

The World Health Organization declared on 11 March 2020 the Novel Coronavirus (Covid-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity.

On 9 March 2020, the cinema division activities stopped in response to the decisions of the government authorities in the State of Kuwait to limit the spread of the new Covid-19 until the date of issuance of the financial statements, which resulted in a material decrease in revenues. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption, due to COVID-19 outbreak on its operations and financial performance. The Group has performed an assessment of COVID-19 impact on the financial results of the Group based on the available guidance of IFRSs as well as the available information as at the reporting date, and incorporated the outcome in these consolidated financial statements by re-evaluating the critical judgement and estimates in the light of International Financial Reporting Standards.

The Group considered the best available information about past events, current conditions and forecasts of economic conditions in determination of the reported amounts of the Group's financial and non-financial assets reported in these consolidated financial statements. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

Impairment of property, plant, equipment and right of use leases assets

The Group has assessed the decline in the value of property, plant and equipment (other than lands), and the right to use the assets due to the suspension of the cinema activity sector and the decrease in the revenues of the cinema division substantially. The Group has not identified any material impact on the carrying value of property, equipment and right to use leased assets as of 31 December 2020 due to COVID-19. The Group continuously monitors market forecasts and uses related assumptions to properly incorporate these asset values in the consolidated financial statements.

Impairment of Associate

During the year, the Group has performed an assessment of the recoverable amount and possible impairment of its investment in the associate as per the requirements of IAS 36 "Impairment of Assets". Recoverable amount has been determined based on the asset's fair value less costs to sell. Based on the assessment performed, management concluded that, the recoverable amount exceeds the carrying amount in the associate (note 9), and the reported amounts represent best management's assessment based on the available observable information.

Unquoted investment

The Group has taken into consideration the potential impact of current economic fluctuations on the reported amounts of the Group's unquoted financial investments. The reported amounts represent management's best estimate based on observable information as at the reporting date. Given the impact of COVID-19, the Group is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants. Further information about the Group's policy regarding fair value measurements is disclosed in Note 2.3.7.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Investment properties and lands Valuation

The Group considered the best available information about past events, current conditions and forecasts of economic conditions in determination of the reported amounts of the Group's Investment properties and lands in these consolidated financial statements. Based on valuation which has been done by the Group, there is no material change in properties' fair value due to Covid-19. The Group's management believes that recorded amounts represent the best estimate in light of the available information.

Government grants

The Government of Kuwait has provided financial support to business owners in response to the pandemic. During the year, the Group has received government grant of KD 68,972 related to Kuwaiti beneficiaries registered under Article No. 3 of the Kuwaiti Labor Law. The government grant is part of the assistance made towards the national workforce in the private sector for a period of up to six months effective from April 2020. The financial support has been accounted for in accordance with IAS 20 'Accounting for government grants and disclosure of government assistance' and recognised in the consolidated statement of income as other income on a systematic basis over the periods in which the Group has recognised the related staff costs.

Going concern

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