Annual Report

Risk Guided Return

2020

HAYAT INVEST

Contents

Chairman's Statement

Dear Shareholders,

By the grace of Almighty Allah, I am pleased to present to you the twelfth annual report of the company.

Your Company's assets grew to KD 38.45 million this year from KD 15 million at inception. The corresponding increase in shareholders' equity has been from KD 16.47 million to KD 36.89 million. This translates to an IRR of 10.23% to our shareholders since inception.

This has been a challenging year for many and on multiple fronts. As of January 2021, the number of diagnosed coronavirus cases worldwide is fast approaching 100 million with approximately 2 million deaths recorded. Aside from the significant human cost, enforced lockdowns to curb the infection rate also brought economic activity to a standstill. While certain industries such as travel and hospitality have been devastated, others such as technology, remote working and logistics have seen at least five years of growth in demand brought forward today.

For Hayat, we have some good news to report. We sold our flagship property, Al Nakhla Compound in Riyadh in December 2020. Although the performance of the project fell somewhat short of our initial expectations, it is still a tremendous achievement considering existing market conditions. The sale of the Compound has increased our asset base and shareholder equity by several multiples. With healthy liquidity available for deployment, our Company now moves to the next phase in which we intend to construct a more diversified investment portfolio comprising multiple asset classes but retaining a focus on listed equities and real estate.

Emerging markets (as measured by the MSCI Emerging Markets Index) returned +15.8% for the year, outperforming developed markets (as measured by the MSCI World Index) which returned +14.3%. GCC markets on the other hand underperformed, collectively returning -3.7% (MSCI GCC Index).

Generally, the consensus view is that financial asset prices and listed equities in particular, are disconnected from underlying economic reality. It is generally agreed that the enormous fiscal and monetary stimulus policies undertaken by governments and central banks worldwide have supported financial and real asset prices. The question then becomes: How to invest in an environment where (1) underlying economic conditions remain fragile, (2) asset prices have already run up substantially but where (3) underlying supportive liquidity conditions look set to continue well into the medium term?

At Hayat, we believe that opportunities are available in the middle of the current market disruption. It is said that the Chinese word for “crisis” comprises two characters; one representing danger and the other, representing opportunity. For us, our goal as we move into the next phase will be to focus on both aspects – risk and reward – and not to choose one at the cost of the other.

I thank our stakeholders and employees for their efforts in building our company. I am particularly thankful to our valued shareholders for their continued support and confidence.

Dr. Nabeel Al Mannae,

Chairman & CEO,

Hayat Invest Company K.S.C.C.

Financial Highlights

	KWD				
	2016	**2017**	**2018**	**2019**	**2020**
Net Profit/loss (KD)	823,128	(17,964,803)	(6,704,965)	9,299	(15,610,228)
Total Operating Income (KD)	2,562,577	(16,002,483)	(5,211,196)	1,573,422	(12,253,617)
Total Assets (KD)	96,018,695	74,971,051	68,393,405	67,821,390	38,454,253
Total Liabilities (KD)	17,602,700	15,664,301	15,836,623	15,372,106	1,564,042
Total Equity (KD)	78,415,995	59,306,750	52,556,782	52,449,284	36,890,211
Earning/loss per Share (Fils)	5.49	(119.77)	(44.70)	0.06	(104.07)
Book Value per Share (fls)	522.8	395.4	350.4	349.7	245.9
Return on Equity (%)*	1.07%	-22.91%	-11.31%	0.02%	-29.76%

Management Report

Introduction

Equity markets in FY2020 were generally buoyant, thanks to massive monetary policy action and fiscal stimulus measures implemented by central banks and governments across the world. Broadly, global equity markets began the year trending downwards before bottoming out in March 2020 as countries one by one, went into lockdown to limit the spread of the virus. Towards the end of the second quarter onwards, markets then began a recovery that continued till the end of the year.

The turnaround in equity prices since March has been largely attributed to swift action from Central Banks and Governments around the world. The US Federal Reserve, Bank of England, Bank of Japan and the European Central bank have collectively spent USD 5.6 trillion this year on quantitative easing measures. Governments also pursued very sizeable fiscal stimulus actions. The US government passed two bills for Covid-19 relief amounting to USD 2.9 trillion, while the EU announced USD 640 billion in direct spending for pandemic relief.

For the second year in a row, US equity markets were the best performing major market with the S&P 500 returning +16.3%. At its lowest point in March, the S&P500 saw a 34% drawdown from record highs in February. Thereafter, the index recovered and reached a new high by October, seven months later. Emerging markets (as measured by the MSCI Emerging Markets Index) returned +15.8% for the year, outperforming developed markets (as measured by the MSCI World Index) which returned +14.3%.

Kuwait

Kuwait's real GDP for FY2020 is expected to contract -8.1% as economic activity slowed substantially on account of lockdowns to varying degrees. CPI inflation is forecast at 1% for FY2020. Kuwait's trade surplus over Jan-Aug 2020 declined 61.1% y-o-y due to the impact of Covid-19 to reach KWD 2.56 billion. Exports declined 39.7% y-o-y, from KWD 13.33 billion to KWD 8.04 billion in Jan-Aug 2020, on account of lower oil prices, while imports decreased by 19.0% y-o-y to KWD 5.47 billion over the same period.

Credit extended by banks increased 4.1% during the first nine months of 2020 to reach KWD 40.01 billion. Credit growth was largely driven by growth in Consumer loans and Trade which increased 10.4%,

and 10.1%, respectively. Credit to the Real Estate sector increased 2.4%, while Construction sector credit increased by 2.6% over the same period.

Due to the suspension of non-essential work during the lockdowns, the Construction sector is expected to witness the largest fall in contracts among sectors. Some contracts were cancelled by the Kuwaiti cabinet such as the Dibdibah Solar Plant project, while others such as the Trunkline-5 pipeline project, carrying crude from North Kuwait oil fields, were put on hold. In 3Q 2020, new projects awarded stood at USD 1.1 billion, only slightly lower than the USD 1.2 billion awarded in the year ago quarter. The Transportation sector represented 52% of contracts awarded during the quarter followed by the Construction sector at 41%. According to MEED estimates as of December 2020, there were approximately USD 167 billion active construction and transport project in Kuwait of which about 63% were at the pre-execution stage.

Kuwait Stock Exchange

Kuwait's All Share Index returned -11.7% in 2020 making it the region's weakest performer for the year. The market performance generally tracked the effects of the pandemic with the most vulnerable sectors seeing the sharpest declines. The coronavirus pandemic and subsequent lockdown in economic activity resulted in a 65% drop in Boursa Kuwait listed company profits during the first nine months of FY2020 compared to the same period a year ago.

The Consumer services sector was the worst performing sector with a decline of -23.7%. The Banking and Financial Services sectors were the next two worst performers, declining -14.9% and -14% respectively. The top two sectors in terms of market performance were the Insurance and Consumer Goods sectors at +21% and +17%, respectively.

Trading volumes on the exchange increased 33.4% during the year to 52.1 billion shares. Traded value also increased 35.5% to KWD 10.8 billion. Banking stocks were the most traded with KFH and NBK seeing yearly traded values of KWD 2.1 billion and KWD 2 billion, respectively. Total market capitalization for the exchange declined to KWD 32.69 billion, marking a -9.2% decline from the previous year.

GCC & MENA

GCC equity markets as a group underperformed other regional markets during the year. Only two markets in the region, Saudi Arabia and Qatar experienced positive equity market returns. Across the region, governments implemented lockdown measures in response to the coronavirus which severely curbed economic activity. To compound difficulties, crude oil prices declined to almost 30 year lows at the weakest point of the year. There were positive political developments in the region towards the end of the year with a thawing in relations between Saudi Arabia and Qatar. Helped by mediation from Kuwait, there are positive signs that indicate that the diplomatic conflict that has fractured the GCC may be ending.

GCC markets recovered from the red only in the fourth quarter of the year. Saudi Arabia recorded the best equity market performance during the year reporting gains for the fifth consecutive year at 3.6%. The movement in oil prices during the year was especially reflected in the performance of the Saudi market. Declining oil revenues resulted in fiscal pressure on GCC governments and the additional spending associated with Covid-19 resulted in record deficits. Debt issuance in the region was at a record high as well. Also, the culmination of fiscal pressure and over dependence on oil resulted in downgrades of four out of six sovereigns in the region.

In terms of regional sector performance, several sectors in the GCC equity markets did well during the year. However, performance more closely reflected the larger weighted sectors such as Banking and Real Estate sectors which fell -5.5% and -2.4%, respectively. Total value traded in the GCC more than doubled to USD 659.8 billion vs. USD 309.9 billion in 2019.

Global review and economic outlook

The economic landscape for FY2020 was dominated by the effects of the global response to the Covid-19 pandemic. The IMF projects that global GDP is likely to contract -4.4 percent in FY2020. The most recent forecast is an improvement from the Fund's last estimate in June 2020 driven by better than expected data from large advanced economies, China's return to growth and signs of a more rapid recovery in 3Q 2020. Economic activity plunged in April as countries across the world went into lockdown. As economies reopened in the months that followed, activity started to pick up helped by massive doses of public investment. As of December 2020, there have been in excess of 72 million cases and over 1.6 million deaths from the virus worldwide.

United States

The US economy is recovering following the sharp fall in GDP and a dramatic rise in the unemployment rate in the first half of 2020. Real GDP is anticipated to contract by -4.3% in 2020, before rising by 3.1% in 2021. The unemployment rate will gradually fall, but will remain elevated compared with the pre-pandemic period. This reflects activity in some sectors, such as hospitality and transportation, continuing to be impacted by the pandemic. A general rollout of an effective vaccine in the second half of 2021 will allow for an easing of containment measures and strengthen confidence in the recovery.

The US economy experienced its sharpest contraction in post-war history in the second quarter of 2020, with non-farm employment declining by around 22 million through March and April 2020. A subsequent relaxation of containment measures was accompanied by an economic rebound, with more than half of those lost jobs added back to employer payrolls by October 2020. Consumption indicators have recovered strongly. Similarly, housing investment has rebounded, with low mortgage interest rates and strong pent-up demand fuelling residential sales and construction. Even so, spending on most services remains weak due to reduced activity in restaurants, cafes, shopping centers and movie theatres.

Fiscal policy reacted decisively early in the year once the scale of the economic impact became apparent. Comprehensive support was introduced, including supplementary unemployment insurance, one-off payments to families, financial assistance to state governments, forgivable loans with a Treasury backstop to small businesses that retain workers and increased health sector capacity.

Monetary and financial market policy have provided substantial support to the economy. Financial conditions have become highly accommodative as a result of the policies enacted so far. At the onset of the crisis, a suite of new credit facilities were introduced and prudential regulations were eased to limit the possibility of financial institutions restricting access to working capital. The Federal Reserve cut interest rates to 0-0.25% and announced the resumption of unlimited large-scale asset purchases, significantly expanding the size of the balance sheet. In September, the Federal Open Market Committee adopted a new flexible average inflation targeting strategy and stated that that policy rates will not increase until inflation consistently stays above 2% for some time and labor market conditions reach levels that signal full employment.

GDP growth is expected to pick up through 2021, reflecting an assumed additional fiscal package that will particularly support household incomes and consumption. Improved conditions in major export markets and the fulfillment of agreed targets under the US-China Phase 1 trade deal will boost export activity at the same time. Nevertheless, until an effective vaccine has been deployed successfully in the latter part of 2021, localized virus outbreaks and subsequent introduction of containment measures are likely to temper business confidence and provide a headwind to new investment. Labor market conditions will show further steady improvement, although the unemployment rate will stay elevated compared to the pre-pandemic period. Inflation is expected to remain below the Federal Reserve's 2% inflation target well beyond FY2021.

An upside risk to projections is that the scale of fiscal support turns out to be more expansionary than currently assumed. A downside risk is that a new fiscal package is relatively meager in scale or takes many more months to be agreed. There is also a risk that large-scale firm insolvencies dent investment prospects. Non-financial corporate leverage has risen to historical highs, with many businesses in sectors exposed to COVID-19 confinement measures having accumulated substantial debt.

Eurozone

After the initial bounce-back following the easing of confinement measures, the pace of the recovery in Europe now appears to be slowing again. Daily measures of mobility remain below pre-pandemic levels, with more stringent containment measures being implemented to address renewed virus surges.

Most governments initially resorted to targeted localized restrictions on specific regions or activities, but these have not sufficiently checked the upturn in new COVID-19 cases, especially in countries that lack an effective track, trace and isolate system and in which compliance with quarantine restrictions is patchy. New cases were initially concentrated amongst younger people, but hospitalizations are now also rising sharply, as older people catch the virus. As a result, some governments have now imposed significant nationwide restrictions once again, including the closure of many businesses. Mobility indicators related to retail and recreational activities have turned down since the start of September in the major European economies, though to a smaller extent than seen in April.

GERMANY

Activity is projected to contract by around -6 per cent in 2020, driven by falling private consumption, business investment and exports. Growth is set to recover to 4.2% in 2021. Private consumption and exports initially rebounded rapidly, but demand for services is expected to stay weak into 2021 as virus containment measures are tightened. Further uncertainty will constrain the recovery of investment as well as demand for capital goods exports before general deployment of a vaccine increases confidence. Short-time work has cushioned the increase in unemployment, but sustained falls in the unemployment rate are not expected until after mid-2021, once employees on short-time work have been reabsorbed. Strong fiscal support has protected jobs and firms in 2020 and additional targeted support is likely in 2021 and 2022.

FRANCE

Activity is projected to fall by -9.8% in 2020 and expand by 6% in 2021. After a second national lockdown at the end of 2020, the health situation is likely to improve slowly. Despite sporadic local virus outbreaks, the easing of containment measures and the prospective rollout of an effective vaccine will allow for a gradual catch-up in the most affected sectors (tourism and leisure services). As export markets recover, external demand and investment are also likely to pick up. The unemployment rate is expected to peak around end-2021 and remain above its pre-crisis level in 2022. By the end of 2022, public debt is expected to increase to 120% of GDP.

ITALY

After falling sharply by -10.6% in 2020, GDP is projected to expand by 5.2% in 2021. Lockdowns and uncertainty are weighing on activity, although government support has mitigated the effects on firms and households. Substantial job creation is likely to return only in 2022, when an effective vaccine is expected to have been deployed widely, stimulating consumption, and easing precautionary saving. Investment and exports are expected to recover gradually alongside the manufacturing sector. Supportive fiscal policy is resulting in rising public debt levels, but interest rates are projected to remain low. Higher growth is needed to improve the fiscal position in the medium term.

SPAIN

After the steep -12.8% decline in 2020, GDP is projected to grow by 7.2% in 2021. Localized restrictions to address COVID-19 outbreaks and continued disruption to travel and tourism will be a drag on the recovery until an effective vaccine is widely deployed. High uncertainty and adverse labor market conditions will weigh on private consumption. As external demand growth recovers gradually, exports will contribute to growth in 2021-22. The unemployment rate is projected to remain high.

United Kingdom

GDP is set to contract again in the fourth quarter of 2020 as virus containment measures are implemented, and to fall by -9.8% in 2020 as a whole. Growth of 5.9% in 2021 is projected to be driven by a rebound in consumption, while business investment will remain weak due to spare capacity and continued uncertainty. Until an effective vaccine is broadly deployed, risks of further outbreaks will dent confidence. Increased border costs will weigh on imports and exports from 2021 as the United Kingdom leaves the EU Single Market and is assumed to enter a new, less comprehensive free trade agreement with the European Union. Labor market withdrawals and unemployment will increase even as the Coronavirus Job Retention Scheme continues to support employment. Bankruptcies are set to rise, although extensions to crisis loan schemes are set to soften the increase. Fiscal and monetary policies should stay supportive until the recovery firmly takes hold.

Japan

The COVID-19 shock in early 2020 triggered a major recession and real GDP is projected to shrink by around 5.3 per cent this year. The economy is gradually strengthening although growth remains sluggish. Ongoing difficulties in bringing COVID-19 infections under control hold back domestic demand. As restrictions are lifted in the near term, consumption is expected to recover, supported by government subsidies and incentives. In addition, recovering external demand, as the health situation of trading partners improves, will sustain export growth. On the other hand, private investment is set to

remain relatively subdued. Overall, GDP growth in 2021 is expected to be 2.3%, assuming further economic stimulus.

China

Following the steepest quarterly dive and subsequent surge on record in the first and second quarters of 2020, respectively, and then stabilization in the third quarter, activity is projected to return to its past trajectory, with growth of about 1.9% in 2020 and 8.2% in 2022. New COVID-19 cases have reappeared sporadically, but the coronavirus outbreak seems largely under control in most of the country. Investment, in particular debt- and stimulus-fuelled infrastructure investment, has boosted growth in 2020. Real estate investment has also remained strong. Exports have boomed on the back of pent-up demand for masks and other COVID-19-related materials and equipment as well as teleworking-related goods. Consumption is still to recover from the hit caused by the outbreak. Even though sales of luxury goods are booming and box office revenues have reached new highs, the lack of a recovery in employment and falling household incomes mean that prospects for a full consumption recovery are not bright.

Monetary stimulus, which was needed during the outbreak, is now being withdrawn as the recovery is gaining momentum. Shadow banking has also picked up following a few years of decline. Increasing corporate defaults have sharpened risk pricing. Fiscal policy will remain supportive, with a number of tax cuts and extensions of social benefits promoting consumption amid weak consumer confidence.

India

After experiencing one of the world's tightest lockdowns and recording the deepest GDP contraction among G20 economies in the second quarter of 2020, the Indian economy is recovering, albeit with some hesitancy. While agriculture has benefited from favorable weather conditions, manufacturing and services have been adversely affected by uncertainty and remaining virus containment measures. Significant social hardship persists and the fall in the unemployment rate must be seen against the background of declining labor force participation. Supply chain disruptions have pushed inflation above the target range of the central bank. GDP is set to shrink by 10.3% in 2020, with household consumption

sluggish and investment largely unresponsive to easier monetary conditions. Despite a projected rebound of 8.8% in 2021, due to base effects and returning confidence, the GDP loss will be substantial.

COVID-19 is exacerbating pre-existing vulnerabilities related to poverty, high informality, environmental degradation and lack of employment opportunities. To increase resilience, the government has responded with three stimulus packages, but additional fiscal measures are needed to mitigate the damage. The reform effort has continued, notably in the areas of agriculture and employment. However, poor performance of public banks, a pervasive regulatory burden, and understaffing of the judiciary hinder the proper allocation of resources needed for growth.

Middle East and Central Asia

The necessary public health response to the pandemic greatly decreased mobility and came at a steep economic cost to the region. As a result, real GDP in the region is projected to fall by 4.1 percent in 2020 before recovering to 3% growth in 2021. With the global recovery subdued, downside risks continue to dominate the outlook as the pandemic continues to test countries. Oil-exporting countries were hit hard by a double-whammy of the pandemic and the resulting sharp decline in oil demand and prices. Oil prices dropped to 20-year lows between March and April following which they stabilized at about 30% below pre-COVID-19 levels.

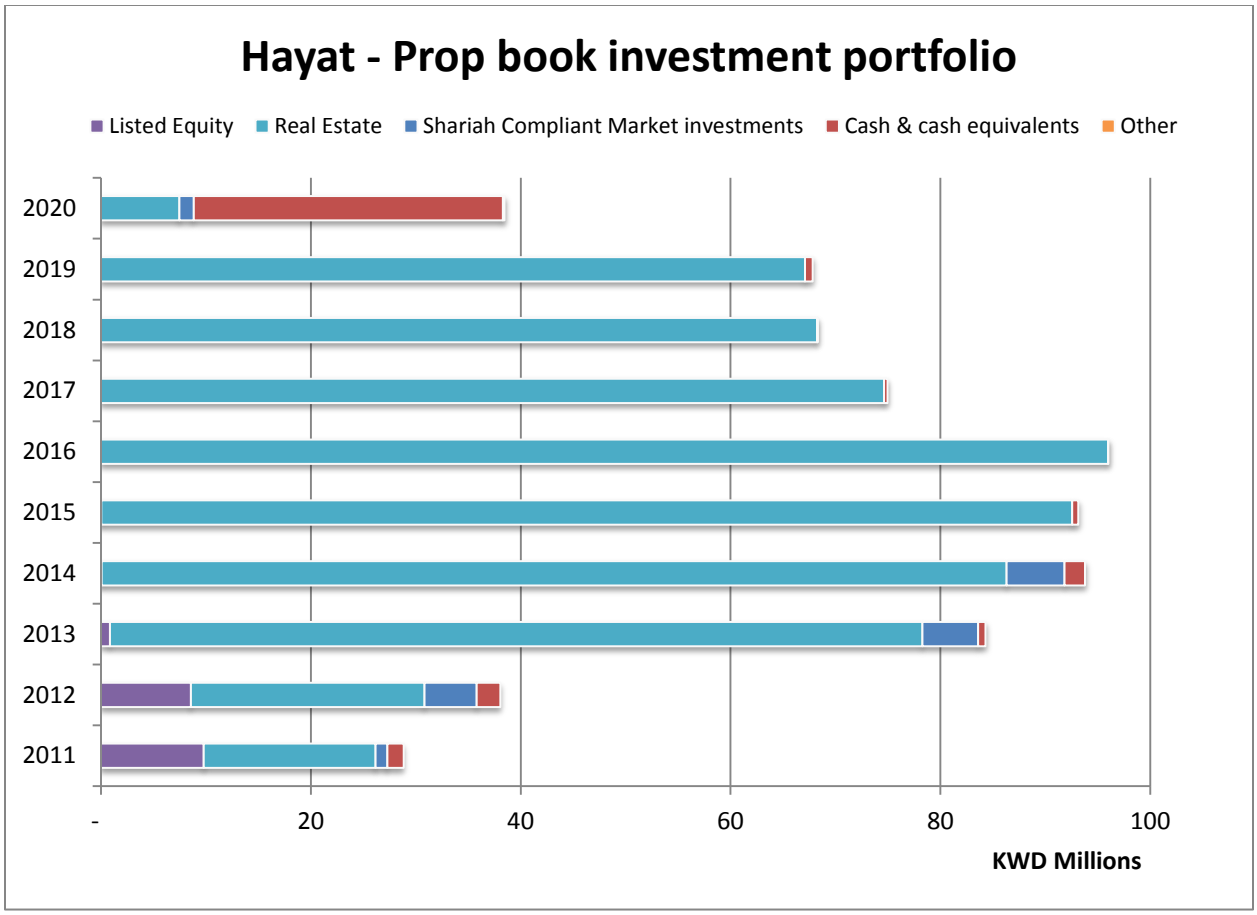
Outlook for FY2021

The outlook for next year has improved visibly since the release of data in early December 2020 showing the effectiveness of multiple vaccine candidates for Covid-19. Although it will take time for these vaccines to roll out, the news of a vaccine visibly improved market sentiment with a possible end to the economic disruption now in sight. Global growth in FY2021 is projected to rise significantly to 5.2 percent. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6 percent above that of 2019. The IMF however, cautions that due to the nature of the virus, this forecast is subject to a greater level of uncertainty than usual and assumes continued fiscal and monetary support as well as persistent social distancing measures that will keep the virus in check. The Eurozone is expected to record GDP growth of 5.2%, the fastest growth among major

advanced economies, in FY2021 reflecting the bounce back from the deep -8.3% contraction in the preceding year. Emerging markets are expected to record 6% growth in FY2021 with prospects for China, much stronger than for most other countries in the group. Ex-China, growth for emerging market and developing economies in FY 2021 is projected at 5% with the projected rebound not sufficient to regain the 2019 level of activity by next year.

Hayat in 2020

In December 2020, we successfully exited our flagship property - Al Nakhla compound in Riyadh, Saudi Arabia. The sale of the Compound provides Hayat with significant liquidity from which we can diversify its investment portfolio in the coming year. Our other projects – Hayat Villas Project in Jeddah and Hayat Residence in Baabda, Lebanon saw slow sales progress due to weak market conditions. We expect the existing slow sales environment to continue until the market gradually recovers over the next few years.



Listed Equity

Our investments in the previous year were heavily skewed towards real estate projects. Following the sale of Al Nakhla Compound in December 2020, we now have sufficient liquidity to resume investing in listed equities and further diversify our investment book. We expect to gradually build up an exposure to listed equities in the coming year that will eventually represent approximately 30% of our total investment portfolio. This allocation is subject to market conditions and may be revised as the year progresses.

Real Estate: Status of Existing Projects

Hayat Real Estate Investment Company LLC

Al Nakhla Residential Compound is an ultra-modern luxury residential compound complex in Riyadh, Saudi Arabia. The compound spans an area of 259,796 square meters and is situated on Khalid Bin Al Waleed road next to SABIC's head office. Business Gate project and several leading universities and research centers such as Riyadh University, Princess Noura Bint Abdulrahman University and King Abdullah Center for Petrochemical Studies are in close proximity to the compound. The compound is fully constructed and currently being let out to tenants.

Progress during 2020

The Compound was sold to Real Estate Investment Fund (REIF) managed by one of the largest asset managers in Saudi Arabia. The property continues to be considered one of Riyadh s most prominent residential compounds with current occupancy levels of approximately 90%. Given the difficult operating environment for compounds in general, the fact that we were able to close the sale to a reputable buyer is proof of the asset's excellent quality.

Hayat Luxury Villas Company LLC

Hayat Residential villa project is situated near the coast of northern Jeddah, Saudi Arabia. The project occupies an area of 32,209 square meters and is in close vicinity to both the Red Sea Mall (one of the largest malls in Jeddah) and King Abdul Aziz International airport.

Progress during 2020:

As of year-end, out of 96 villa units in total, 48 units have been sold with the remaining 48 units available for sale. During FY2020 17 units were promised to be sold out of which income was recognized only on 11 units for which the sale process was completed. We expect sales of approximately 10-15 units in the coming year with future sales taking place gradually as the economy recovers. Any improvement in the general economy in the coming year should aid our sales and marketing efforts.

Baabda

Project Description: Luxury multifamily residential apartment building in Baabda, Lebanon

Progress during 2020

Our multifamily residential apartment building in Baabda, Lebanon is fully constructed. In 2016, given market conditions, we changed our exit strategy from selling the project on a core and shell basis to selling as fully fitted-out apartments. Construction activity to finish the units was completed in 2017. With construction now fully complete, the project is now in the marketing phase. Due to the unstable economic and political environment in Lebanon in 2020, no units were sold during the year. We expect sales to remain muted in the coming year before picking up towards the end of FY2021.

Return on Investments

- We made a loss of KWD 15.61 million during the year as compared to a profit of KWD 0.009 million in the previous year. The loss primarily consists of a realized loss on the sale of Al Nakhla Compound amounting to KD 12.19 million and associated withholding tax expense of KD 1.4 million.
- During the year we sold Al Nakhla Compound in Riyadh, Saudi Arabia receiving dividends of KD 44.36 million on the sale. However, we also incurred a realized loss on the sale of KD 12.19 million (our share of the overall loss). Consequently, the carrying value of our investment in Hayat Real Estate Investment declined to KD 1.10 million from KD 57.63 million in the previous year.
- Net investment loss for the year amounted to KD 0.029 million vs. a loss of KD 0.52 million in the previous year. The loss for the year was primarily due to foreign exchange losses that were partially offset by a slight valuation gain on our property in Baabda, Lebanon.
- Fee and commissions income remain an insignificant income source (relative to our other operations) given low levels of client assets and the closure of Hayat India Equity Fund Ltd.

Select Heads from Consolidated Statement of Comprehensive Income

	FY2020	FY2019
	KD	KD
Net investment loss	(29,268)	(523,725)
Share of (loss) / profit of equity-accounted investee	(12,237,577)	2,094,476
Fee and commission income	2,768	2,671
Other income	10,460	-

Total Operating (loss) / profit	**(12,253,617)**	**1,573,422**
Total operating expenses	**(3,356,611)**	**(1,564,123)**
Net (loss) / profit for the year	**(15,610,228)**	**9,299**
Total comprehensive loss for the year	**(15,559,073)**	**(107,498)**
Basic and diluted (loss) / profit per share (fils)	-104.07	0.06

Consolidated Statement of Financial Position

	FY2020	FY2019
	KD	KD
Cash and cash equivalents	29,483,883	456,010
Time deposits	-	273,389
Financial assets at FVTOCI	96,911	89,314
Financial assets at FVTPL	1,249,164	-
Wakala with a related party	117,909	-
Investment property	3,673,109	3,592,788
Equity-accounted investees	3,693,915	60,249,325
Other assets	139,362	3,160,564
Total assets	**38,454,253**	**67,821,390**
Islamic finance payables	-	14,447,913
Other liabilities	1,564,042	924,193
Total liabilities	**1,564,042**	**15,372,106**
Total equity	**36,890,211**	**52,449,284**
Total liabilities and equity	**38,454,253**	**67,821,390**

Hayat's Financial Product and Services

Hayat provides its clients with customized, Shariah compliant investment solutions. Our offerings are tailor made to address the individual risk-return profile of our client and towards this aim, we actively seek out and pursue Shariah compliant investment opportunities across asset classes and geographies.

Portfolio & Wealth Management

Hayat offers customized wealth management services to clients in the form of discretionary and non-discretionary portfolio management services. Our portfolio management team develops an asset allocation plan, unique to each client and tailored to that client's specific investment needs and objectives. Special emphasis is placed on managing investment risks. Risk is first minimized through appropriate asset allocation and then further reduced through global diversification. Client information is updated at regular frequency and clients are provided with regular portfolio performance reviews and analysis.

At present, Hayat has a limited number of discretionary and/or non-discretionary clients. However, our plan for the coming year(s) includes expanding our clientele base for both listed equity and real estate investments. Our current client real estate investment portfolio currently focuses on the Indian and European real estate markets. For the year ahead, we are considering new opportunities for our clients in developed real estate markets, particularly in European real estate.

Risk Management at Hayat

Risk reduction is a pillar of our investment decision making process. As an investment company, we are exposed to a number of diverse risks. For our investment portfolios, we monitor market risk parameters continuously with daily, weekly, monthly and quarterly reports guiding the investment managers to effectively control risks. Our quarterly reports go into more detail and measure performance on a risk adjusted basis. To control risk in our various non-listed investments (mostly real estate), the progress of every project is reviewed at every quarter. The investment risk reports review the ongoing progress of each project comparing actual percentage of completion with the planned time schedule to control delays and slippages. As a result, financial models are updated with the latest market inputs to analyze their impact on project IRR. A sensitivity analysis is also prepared in order to assess the impact on project IRR due to adverse movement in key variables. Furthermore, our projects are closely monitored through regular site visits and exchange of communication with developers and contractors.

In 2011, we established a separate Risk Department under the supervision of a dedicated Risk Manager. At a strategic level, the Risk Department designs processes, policies and procedures to identify and

manage various types of risks relevant to the company. The Risk Manager reports to the Risk Management Committee (RMC) and is responsible for identifying, assessing and suggesting control measures for both the enterprise and investment portfolio.

Operating risk at Hayat is addressed at systems level. Our securities back office is system-linked with the accounting function and therefore this aspect of operating risk is controlled. Additionally, Hayat has prepared procedure manuals for its critical operations and adherence with these minimizes operating risks.

Internal Audit at Hayat is outsourced to a reputed firm who conducts audit on quarterly basis and gives its findings on every aspect of the business operations. This gives us additional comfort as feedback from audit reports not only confirm the robustness of existing risk management system but also helps in further enhancing its scope.

Human Resources

Hayat believes that its employees are its most valuable asset. Our team of talented and seasoned professionals contributes a pivotal role in realizing the company's strategic goals and objectives.

To maintain and further enhance our competitive advantage over peers, Hayat recognizes the need to keep our human resources abreast with the today's challenging financial environment. To this end, Hayat believes in continuously improving job skills through various training courses. The combination of offering right compensation package, amicable and challenging work environment, improving job skills and an opportunity for growth have created a richly experienced and dynamic team that will ensure that the company achieves its goals.

Our staff comprises bright natives and skilled expatriates. This is spanned across various departments e.g. Investments, Operations, HR, legal, Finance & Administration, Compliance and Risk Management. Our employees have a credential basket of experience and qualifications such as CFA, FRM, MBA and various other accredited qualifications.

Corporate Governance

Hayat's Board of directors believes that ensuring effective corporate governance is a continuous process and a critical factor in achieving business success. Hayat has a strong corporate governance framework and is fully compliant with the requirements of the Capital Markets Authority (CMA).

At present, our board comprises six directors, of which the majority (five) are non-executive (including one independent director). Three of them represent institutional shareholders. The presence of large institutional shareholders in itself ensures that corporate governance practices, prevalent at the level of institutions also translate into corporate practices of Hayat.

The board has three sub-committees: The Audit Committee, The Nomination & Remuneration Committee and the Risk Committee. These committees are constituted in line with CMA corporate governance guidelines and include independent members. Our internal audit function is outsourced to an international audit firm with expertise in internal audit and risk management.

When deciding on strategic and important issues, Hayat operates through discussions within various committees namely Executive Management Committee, Credit Committee and Asset Management Committee.

Hayat places significant emphasis on internal compliance procedures. The Financial Statements of the company are prepared in compliance with the guidelines of the International Accounting Standards and other statutory regulations. Reports to CBK and CMA are sent on fortnightly, monthly, quarterly and yearly basis. Hayat has been prompt and diligent in sending these reports without attracting any sanction.

Our Plan for FY2021

Our plan for the coming year is to gradually build towards a portfolio allocation of 70% in alternative assets (primarily real estate) and 30% in listed equity. Given the present low yield environment and elevated valuations in public markets, we see better prospects for returns in the alternative assets space.

Since building out exposure to alternative assets requires suitable deal flow and sufficient time for due diligence, we expect to have our planned allocation substantially in place only towards the third or fourth quarter of 2021.

Real estate – particularly in Europe, is expected to remain the core of our portfolio. Despite the issues lingering in the region, core Europe is an attractive opportunity for real estate investors. Core and core plus real estate assets offer low returns whereas value-add and opportunistic real estate assets (similar to development) offers returns in between 12%-20%. Western European markets are liquid, relatively stable and mature markets in terms of regulation and taxation. Institutional and foreign investor participation is high. Markets are recovering and offer reasonable value even in a low interest rate environment.

Within Real Estate, our view is that Core assets – particularly in the Logistics space have already run up and currently offer yields of approximately 4%, which is below our expected return requirement. In contrast, we see some opportunity in the Value Addition and Opportunistic spaces where return potential is higher and more deals are available across the board. While higher nominal returns are available in emerging market real estate, these projects generally come with greater uncertainty regarding regulations and require longer project timelines. Our preference therefore is for projects in developed markets where transparency is higher. We intend to target smaller sized projects, with 3 year maturity periods and IRRs of 15% plus.

Listed equity prices in general appear to have run ahead of fundamental values at present. Prices are currently being supported by considerable fiscal stimulus provided by central banks which may extend well into the future. We see two primary cases for investing in listed equities: (1) there are pockets of value in the market in sectors that have been beaten down or lagged the rest of the market e.g. Industrials, Materials and Energy. (2) Listed equity also provides additional liquidity benefits to the overall investment portfolio that are not available from asset classes such as real estate and private equity.

Private Equity investments will need to be reviewed on a case by case basis as such investments are a bottom up play. We will continue to explore the emerging and developed (particularly Europe) markets for opportunities. As these investments tend to be longer duration in nature and have lower liquidity, we will select these investments only after exploring opportunities in the listed equity and real estate space. Returns in these asset classes will be helped by players being able to deploy funds more productively in a dislocated economy and rotation into higher growth sectors.

Despite significant damage in the real economy, listed equity and commodity markets benefitted tremendously last year from massive stimulus actions taken by Central Banks. We see pockets of value

in markets. Hayat will analyze opportunities and invest selectively in the coming year. Whatever your investment needs, we are at your service and we thank you for your trust in us.

Corresponding to23 / 03 / 2021

Sharia Supervisory Board Report

For the financial period from 01/01/2020 - 31/12/2020

Greetings,

Praise be to God, Lord of the Worlds, and blessings and peace be upon the one after whom there is no prophet, and upon all his family and companions

Ms/ Hayat Investment Company

In accordance with the delegation granted to us by the members of the General Assembly of Hayat Investment Company, in accordance with the articles of association of the company and the instructions of the relevant regulatory authorities, Sharia Supervisory Board submits its final report for the financial period from 01/01/2020 AD - till 12/31/2020 AD.

- Sharia Supervisory Board implemented its work, including examining investment structures, terms of contract, transactions, products, policies and procedures, either directly or in coordination with the Internal Sharia audit division in order to obtain all information and explanations that it considered necessary to provide it with sufficient evidence giving reasonable assurances. Those reasonable assurances assures that the company did not violate the provisions of Islamic Sharia in light of the decisions of Sharia Supervisory Board, the approved Sharia standards for the company, as well as the decisions of the relevant regulatory authorities.
- Sharia Supervisory Board of the company has reviewed the contracts and procedures followed in the company according to what was presented to us. Moreover, we also obtained all the necessary information and explanations to issue an opinion on the extent of the company's business commitment to the provisions of Islamic Sharia.
- Sharia Supervisory Board has responded to all inquiries of the company and issued (14) resolutions.

In our opinion, after considering all the clarifications, confirmations and representations that we have obtained, we believe that **the contracts, procedures, operations, transactions and documents that the company entered into during the period from 01/01/2020 till- 31/12/2020 AD were executed in accordance with the provisions of Islamic Sharia.**

Thus, we ask God the Almighty to grant success to those who are responsible for the company to serve our true religion and our dear nation, bringing all right and righteousness. God is the Grantor of success.

Sharia Board

PH.D professor. / Abdulaziz Al-Qassar Chairman of Shari'a Supervisory Board	**Dr. Essam Al-Anzi** Member of Sharia Supervisory Board	**Dr. / Ali Ibrahim Al-Rashed** Member of Sharia Supervisory Board

Sharia audit house

Date: 3/30/2021 AD

Ms/ Hayat Investment Company

Subject: External Sharia audit report for the financial period 01/01/2020 - 31/12/2020

Greetings,

According to the association agreement signed with you, the External Sharia Audit - Shura Sharia Consulting is based on the company's business to ensure its compliance with the approved standards or the decisions and fatwas issued by the Sharia Supervisory Board.

In order to make the external Sharia audit process more efficient and effective, the audit procedures on the executive operations of the Islamic financial institutions shall be implemented in accordance with the Sharia audit standards of our company. These operations shall be based on the system of practicing the profession of auditing, which requires our planning and executing the audit work to obtain reasonable assurance that the executive operations of the Islamic financial institutions comply with the approved standards or decisions of Sharia Supervisory Board.

Legal representative and Sharia auditor

Mr. Dhari Laith Al-Ateeqi

Sharia audit house

Scope of work:

The scope of work is determined by the commitment of Hayat Investment Company to implement contracts and transactions in accordance with the decisions of the Sharia Supervisory Board.

Company's Responsibility:

The responsibility of the company rests with the commitment to implement all its approved work approved in accordance with the provisions of Islamic Sharia by the management.

Responsibility for external Sharia audit:

Our responsibility is limited to expressing an independent opinion on the extent to which the company's transactions, activities and all its activities conform to the provisions of Islamic Sharia in accordance with the decisions of the company's Sharia Supervisory Board. .

Functions of external Sharia audit:

We have planned for the external Sharia audit, and to achieve the required work, we have done the following:

- Examining areas of audit.
- Setting the audit method policy (sample / comprehensive) according to the type of field.
- Reviewing the securities transactions that have been examined.
- Entities responsible for the authorized person for carrying out the examined transactions and the stages of their completion.
- Reference rules for these transactions (approved standards, Sharia supervisory board decisions).
- Establishing legal solutions for violations - if any - whether in financial transactions or their implementation.
- Field visits, correspondence, etc., according to the tables and forms prepared for that.

- The audit procedures that led to reaching the results of his work included in the report.
- Reviewing the company's internal Sharia report.
- Accessing to approved contracts and operations.
- Coordinating with the authorities responsible for conducting operations with all methods of communication.
- Signature of the legal auditor and legal representative.

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State of Kuwait

Entities responsible for the authorized person for carrying out the examined transactions and the stages of their completion:

- Investment Management
- Finance Department

Areas that have been audited:
We have audited and reviewed:

- Sharia Supervisory Board Report.
- Financial statements and their attachments.
- Accounts opened with banks.
- Activities invested in.
- Dividends
- The executed contracts, their number (14).

We also contacted the company's management and field visits during the aforementioned period, on 02/09/2020 and 03/25/2021, and their number are (2).

Explanations and declarations that provided us with sufficient evidence that were obtained to give reasonable assurance of the extent of compliance with the company's transactions, activities and securities dealings with the decisions of the Sharia Supervisory Board of the company, which we believe that the audit work we have carried out provides a suitable basis for expressing our opinion.

Final opinion:
Based on the results of the audit work, the financial transactions and operations that were examined and reviewed, complied with the approved standards and decisions of the Sharia Supervisory Board.

Hayat Invest Company K.S.C. (Closed) and subsidiary
State of Kuwait

Consolidated Financial Statements and Independent Auditor's Report
for the year ended 31 December 2020

Contents

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Independent auditor's report

The Shareholders
Hayat Invest Company K.S.C. (Closed)
State of Kuwait

Opinion

We have audited the consolidated financial statements of Hayat Invest Company K.S.C. (Closed) ("the Company") and subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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 ("IFRS"), as adopted for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("the 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Board of Directors' report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information 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.

KPMG

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 IFRS, as adopted for use by the State of Kuwait, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' 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 ISA 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 ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements include the information required by the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Memorandum of incorporation and Articles of Association. In our opinion, proper books of account have been kept by the Company, an inventory count was carried out in accordance with recognized procedures and the accounting information given in the Board of Directors' report agrees with the books of accounts. We have not become aware of any violations of the provisions of the Companies Law No.1 of 2016, as amended, and its Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association during the year ended 31 December 2020 that might have had a material effect on the business of the Company or on its consolidated financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, or of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority, and its related regulations during the year ended 31 December 2020 that might have had a material effect on the business of the Company or on its consolidated financial position.

Dr. Rasheed M. Al-Qenae
License No. 130 "A"
KPMG Safi Al-Mutawa & Partners
Member firm of KPMG International

Kuwait: 30 March 2021

Hayat Invest Company K.S.C. (Closed) and subsidiary
State of Kuwait

HAYAT INVEST

Consolidated statement of financial position
as at 31 December 2020

	Note	**2020 KD**	**2019 KD**
Assets			
Cash and cash equivalents	*6*	29,483,883	456,010
Time deposits		-	273,389
Financial asset at fair value through other comprehensive income		96,911	89,314
Financial asset at fair value through profit and loss	*7*	1,249,164	-
Wakala with a related party	*8*	117,909	-
Investment property	*9*	3,673,109	3,592,788
Equity-accounted investees	*10*	3,693,915	60,249,325
Other assets	*11*	139,362	3,160,564
Total assets		38,454,253	67,821,390
Liabilities			
Islamic finance payables	*12*	-	14,447,913
Other liabilities	*13*	1,564,042	924,193
Total liabilities		1,564,042	15,372,106
Equity			
Share capital	*14*	15,000,000	15,000,000
Statutory reserve	*15*	6,495,552	6,495,552
Voluntary reserve	*16*	6,495,552	6,495,552
Translation reserve		5,105,084	5,061,526
Fair value reserve		6,777	(820)
Retained earnings		3,787,246	19,397,474
Total equity		36,890,211	52,449,284
Total liabilities and equity		38,454,253	67,821,390

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

Dr. Nabeel A. Al-Mannae
Chairman & CEO

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2020

	Note	**2020 KD**	**2019 KD**
Net investment loss	*18*	(29,268)	(523,725)
Fee and commission income	*23*	2,768	2,671
Share of (loss) / profit of equity-accounted investees	*10*	(12,237,577)	2,094,476
Other income		10,460	-
Total operating (loss) / profit		(12,253,617)	1,573,422
Operating expenses and other charges			
Staff costs		(508,282)	(493,525)
Depreciation		(49,082)	(49,203)
Finance cost		(694,811)	(898,430)
Other expenses	*19*	(2,104,436)	(122,965)
Total operating expenses and other charges		(3,356,611)	(1,564,123)
(Loss) / profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat		(15,610,228)	9,299
KFAS		-	-
Zakat		-	-
Net (loss) / profit for the year		(15,610,228)	9,299
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Changes in fair value of financial asset at fair value through other comprehensive income		7,597	5,401
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		43,558	(122,198)
Other comprehensive income / (loss) for the year		51,155	(116,797)
Total comprehensive loss for the year		(15,559,073)	(107,498)
Basic and diluted (loss) / profit per share (fils)	*20*	(104.07)	0.06

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

HAYAT INVEST

Consolidated statement of changes in equity
for the year ended 31 December 2020

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Translation reserve KD	Fair value reserve KD	Retained earnings KD	Total KD
Balance at 1 January 2019	15,000,000	6,494,622	6,494,622	5,183,724	(6,221)	19,390,035	52,556,782
Total comprehensive loss for the year							
Net profit for the year	-	-	-	-	-	9,299	9,299
Other comprehensive loss for the year	-	-	-	(122,198)	5,401	-	(116,797)
Total comprehensive loss for the year	-	-	-	(122,198)	5,401	9,299	(107,498)
Transfer to reserves (note 15 & 16)	-	930	930	-	-	(1,860)	-
Balance at 31 December 2019	15,000,000	6,495,552	6,495,552	5,061,526	(820)	19,397,474	52,449,284
Balance at 1 January 2020	15,000,000	6,495,552	6,495,552	5,061,526	(820)	19,397,474	52,449,284
Total comprehensive loss for the year							
Net loss for the year	-	-	-	-	-	(15,610,228)	(15,610,228)
Other comprehensive income for the year	-	-	-	43,558	7,597	-	51,155
Total comprehensive loss for the year	-	-	-	43,558	7,597	(15,610,228)	(15,559,073)
Balance at 31 December 2020	15,000,000	6,495,552	6,495,552	5,105,084	6,777	3,787,246	36,890,211

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

Consolidated statement of cash flows
for the year ended 31 December 2020

	Note	2020 KD	2019 KD
Cash flows from operating activities			
Net (loss) / profit for the year		(15,610,228)	9,299
Adjustments for:			
Depreciation		49,082	49,203
Share of loss / (profit) of equity-accounted investees	*10*	12,237,577	(2,094,476)
Profit from time deposits	*18*	(8,580)	(8,879)
Gain on redemption of financial asset at fair value through profit or loss	*18*	(1,614)	-
Profit from wakala with a related party	*18*	(2,597)	-
Provision for expected credit losses	*18*	6,132	-
Change in fair value of financial asset at fair value through profit or loss	*18*	(7,820)	-
(Gain)/loss on revaluation of investment property	*18*	(34,776)	584,331
Finance cost		694,811	898,430
Provision for employees' end of service indemnity		99,353	72,956
Rent concession included in other income		(10,460)	-
		(2,589,120)	(489,136)
Changes in:			
Other assets		2,972,120	2,649,630
Other liabilities		587,867	(303,291)
Cash flows from operations		970,867	1,857,203
Payment of employees' end of service indemnity		-	(17,015)
Net cash flows from operating activities		970,867	1,840,188
Cash flows from investing activities			
Change in time deposits		281,969	(273,389)
Additions to investment property	*9*	(45,545)	(62,958)
Wakala with a related party	*8*	(121,462)	-
Financial asset at fair value through profit or loss		(1,239,730)	-
Dividends received	*10*	44,361,352	-
Net cash flows from / (used in) investing activities		43,236,584	(336,347)
Cash flows from financing activities			
Repayment of Islamic finance payables		(15,134,260)	(1,059,868)
Payment of lease liabilities		(45,318)	(55,777)
Net cash flows used in financing activities		(15,179,578)	(1,115,645)
Net change in cash and cash equivalents		29,027,873	388,196
Cash and cash equivalents at 1 January		456,010	67,814
Cash and cash equivalents at 31 December	*6*	29,483,883	456,010

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

1. Reporting entity

Hayat Invest Company K.S.C. (Closed) ("the Company") is a closed Kuwaiti shareholding company incorporated in the State of Kuwait on 21 December 2008. The Company was registered as an investment company with the Central Bank of Kuwait ("the CBK") on 17 February 2009 and is regulated by the Capital Markets Authority under Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities, as amended, and its Executive Regulations.

The Company was registered with the commercial register of the Ministry of Commerce and Industry on 30 December 2008 under registration number 330034.

The registered address of the Company is Al Jon Tower – 11th & 12th floors, Fahad Al Salem Street, State of Kuwait.

The Company is primarily engaged in investment activities and carries its operations as per the Articles of Association and Memorandum of Incorporation and guidelines of noble Islamic Shari'a. The objectives of the Company are as follows:

- Investment in the commercial, real estate, industrial, agricultural, services sectors through participation in new ventures, equities or sukuks in these companies;
- Manage assets for institutions, private and public investment authorities, individuals and invest these assets in various sectors through equities funds and real estate;
- Prepare feasibility studies, valuation and due diligence reports as well as private placement memorandums;
- Act as intermediary in Shari'a compliance transactions;
- Act as the placement manager to equity, fund and sukuk issued by investment authorities both public and private;
- Act as intermediary in foreign commercial transactions;
- Provide intermediation in finance activities whether for local or international clients, across various sectors, in accordance to rules and regulations of the CBK and in accordance to Islamic Shari'a principles;
- Deal and trade in foreign exchange, commodities, industrial metals and other assets in local and international markets;
- Carry out all types of transactions relating to trade and custody of securities including sale and purchase of securities and sukuk issued by companies and institutions, public and private, locally and domestically;
- Acquire industrial property rights, patents, trademarks, trade drawings, intellectual property rights and leasing of such rights to third parties;
- Manage portfolios, investments and seek capital growth through commercial transaction for its own accounts and for its clients in accordance with the governing laws;
- Invest the Company's assets in various asset classes as approved by the CBK, primarily in Islamic finance;
- Promote investment funds for itself and for other parties and offer these funds for placements as well as acting as the investment trustee or manager for these funds both locally and internationally, in accordance with the rules and regulations in place; and
- Carry out any other activity to develop and support the financial and money market in the State of Kuwait.

The consolidated financial statements comprise of Hayat Invest Company K.S.C. (Closed) and subsidiary (together referred to as "the Group" and individually as "Group entity") and the Group's interest in jointly controlled entities.

Details of the Group entity and the jointly controlled entities as at 31 December 2020 are as follows:

Name of the company	Country of incorporation	Ownership interest		Principal activities
		2020	2019	
Jointly controlled entities				
Hayat Real Estate Investment Company L.L.C.	Saudi Arabia	50%	50%	Real Estate
Hayat Villas Company L.L.C.	Saudi Arabia	50%	50%	Real Estate
Subsidiary				
Hayat Construction SAL	Lebanon	100%	100%	Construction

The consolidated financial statements were approved for issue by the Board of Directors of the Company on 25 March 2021 and are subject to the approval of the Annual General Assembly of the shareholders which has the power to amend these consolidated financial statements after issuance.

On 9 May 2020, the Annual General Assembly of the shareholders approved the audited consolidated financial statements of the Group as at and for the year ended 31 December 2019. No dividends were declared by the Group.

2. Basis of preparation

a) Basis of accounting

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

In addition, the consolidated financial statements also comply with the relevant provisions of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Articles of Association and Memorandum of Incorporation and Ministerial Order No. 18 of 1990.

b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost or amortised cost basis, except for financial asset at fair value through other comprehensive income and investment property and financial asset at fair value through profit or loss.

c) Functional and presentation currency

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the functional currency of the Group.

d) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in Note 4 (j) – Impairment.

e) Changes in accounting policies

A number of amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 as below, but they do not have material effect on the Group's consolidated financial statements:

- Amendments to IFRS 3: Definition of a Business;
- Adoption of profit rate benchmark reform (IBOR reform Phase 1);
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Conceptual Framework for Financial Reporting issued on 29 March 2018; and
- Amendments to IFRS 16 Covid-19 Related Rent Concessions.

COVID-19 related rent concessions
The Group has applied COVID-19 Related Rent Concessions – Amendments to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient to contracts with similar characteristics and in similar circumstances.

The Group has applied the practical expedient for COVID-19 related rent concessions to eligible rent concessions relating to its leased office space. The Group has recorded the amount to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient in its consolidated statement of profit or loss and other comprehensive income.

3. New standards, interpretations and amendments issued but not effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 with earlier application permitted, however, the Group has not early adopted any new or amended standards in preparing these consolidated financial statements:

- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- IFRS 9, *Financial Instruments* – Fees in the "10%" test for derecognition of financial liabilities;
- Profit Rate Benchmark Reform (Phase 2); and
- IFRS 17, *Insurance Contracts*.

The Group does not expect to have a significant impact on the consolidated financial statements in the period of initial application.

4. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these annual consolidated financial statements, except for the changes described above.

a) Basis of consolidation

Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in the consolidated statement of profit or loss and other comprehensive income.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of the subsidiary is consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses.

Loss of control
On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the consolidated statement of profit or loss and other comprehensive income.

If the Group retains any interest in the previously owned subsidiary, then such interest is measured at fair value at the date the control is lost. The difference between the carrying amount and the fair value of remaining investment retained in the former subsidiary is recognized in the consolidated statement of profit or loss and other comprehensive income. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investment in equity-accounted investees
The Group's interests in equity-accounted investees comprise of interests in joint ventures. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in a joint venture is accounted for using the equity method and is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investee, until the date on which joint control ceases.

Transactions eliminated on consolidation
Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks balances and time deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

c) Time deposits with banks

Time deposits with banks comprises the deposits made in banks with original maturities of more than 3 months from the acquisition date.

d) Investment property

Investment property is property, held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property under construction is recognized initially at cost and remeasured subsequently at fair value. Changes in fair value is recognized in the consolidated statement of profit or loss and other comprehensive income. Changes in the carrying amount of investment property under construction in any given period will include additions recognized at cost and changes in the fair value of the property.

e) Other assets

(i) Intangible assets

Recognition and measurement
Intangible assets represent computer software licenses. Software licenses acquired by the Group are stated at cost less accumulated amortization and any accumulated impairment losses (note 4(j)).

Subsequent expenditure
Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in consolidated statement of profit or loss and other comprehensive income as incurred.

Amortization
Amortization is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of the software licenses from the date they are available for use. The estimated useful life of computer software licenses is three years.

(ii) Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (note 4(j)). Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or losses on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised on a net basis within other income in the consolidated statement of profit or loss and other comprehensive income.

Depreciation
Items of property and equipment are depreciated from the date they are ready for use. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using a straight-line basis over their estimated useful lives.

Depreciation is recognized in the consolidated statement of profit or loss and other comprehensive income. The estimated useful lives of significant items of property and equipment are as follows:

	Years
Office furniture and decorations	5 years
Office equipment	5 years
Computers	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate at each reporting date to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment. A change in the estimated useful life of property and equipment is applied at the beginning of the period of change with no retrospective effect.

(iii) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

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).

f) Islamic finance payables

Murabaha
Murabaha payables represent the amount payable on a deferred settlement basis for assets purchased under murabaha agreements. Murabaha payables are stated at the net amount of the payable. Profit payable is expensed on a time proportion basis taking account of the profit rate attributable and the balance outstanding. Finance cost is recognized in the consolidated statement of profit or loss and other comprehensive income as an expense.

Wakala
Wakala payables comprise of amounts invested by third parties under wakala arrangements for onward deals by the Group in various Islamic investment products.

Wakala payables are recognized initially at cost and are subsequently carried at amortised cost using the effective profit rate method.

g) Other liabilities

Other liabilities are stated at amortized cost.

h) Revenue recognition

Islamic finance income
Income from wakala contracts is recognized on a time proportion basis, taking into account the principal amount outstanding and the applicable rates of expected profit using the effective profit rate method.

Fees and commission income
Fees and commission income represent asset management fees earned by the Group on fiduciary activities. Fees and commission income are recognized on an accrual basis.

Dividend income
Dividend income is recognized when the right to receive the dividend is established.

i) Financial instruments

i. Classification and measurement of financial assets
Financial assets and financial liabilities are initially recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the consolidated statement of profit or loss and other comprehensive income. Financial assets and financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Financial assets carried at amortised cost;
- Financial assets carried at fair value through other comprehensive income ("FVOCI"); or
- Financial assets carried at fair value through profit or loss ("FVTPL").

The classification of financial assets under IFRS 9 is generally based on the Group's business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets carried at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective profit rate method. The amortised cost is reduced by impairment losses.

Profit income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit of loss and other comprehensive income. Any gain or loss on derecognition is recognised in the consolidated statement of profit of loss and other comprehensive income.

(a)Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- Stated policies and objectives for the financial assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual profit income, matching the duration of the financial assets to the duration of the expected cash outflows or realising cash flows through the sale/derecognition of assets;
- How the performance of the financial assets is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

(b)The SPPP test
For the purpose of this assessment, principal is defined as the fair value of the financial asset at initial recognition. Profit is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contain a contractual term that could change in the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and

- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and profit criterion if the prepayment amount substantially represents unpaid amounts of principal and profit on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual profit (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Cash at banks, wakala with a related party and other assets are classified as financial assets carried at amortised cost.

Financial assets carried at fair value through other comprehensive income
Upon initial recognition, the Group makes an irrevocable election to classify its equity investments as equity investments 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 investments at FVOCI are subsequently measured at fair value. Changes in fair value including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair value as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on de-recognition and are not recognized in the consolidated statement of profit or loss and other comprehensive income.

Dividend income on equity investments at FVOCI is recognized in the consolidated statement of profit or loss and other comprehensive income unless it clearly represents a recovery of part of the cost of the investment in which case it is recognized in other comprehensive income.

Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Debt investments at FVOCI are subsequently measured at fair value. Profit income calculated using the effective profit rate method, foreign exchange gains or losses and impairment are recognised on in consolidated statement of profit or loss and other comprehensive income. Other net gains or losses are recognized in other comprehensive income. On derecognition, gains or losses accumulated in other comprehensive income are classified to consolidated statement of profit or loss and other comprehensive income.

Financial assets carried at fair value through profit or loss
Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payments of principal and profit are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the consolidated statement of profit or loss and other comprehensive income. Dividend income from equity investments measured at FVTPL is recognised in the consolidated statement of profit or loss and other comprehensive income when the right to the payment has been established.

ii. Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any profit expense, are recognised in consolidated statement of profit or loss and other comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective profit rate method.

Profit expense and foreign exchange gains and losses are recognised in consolidated statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in consolidated statement of profit or loss and other comprehensive income.

iii. Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement profit or loss and other comprehensive income.

iv. Offsetting
Financial assets and financial liabilities are offset and the net amounts reported in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

v. Impairment of financial assets

Expected Credit Losses ("ECL")
The Group applies the expected credit loss model to cash at banks, receivables and financial asset at amortised cost.

The Group applies a three-stage approach to measuring expected credit loss:

Stage 1: 12 months ECL
For exposures where there has been no significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECL – credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of loans and advances by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of ECL
ECL is probability weighted estimates of credit loss and are measured as the present value of all cash shortfalls discounted at the effective profit rate of the financial instrument. Cash shortfall represents the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include:

- Probability of default ("PD");
- Loss Given default ("LGD"); and
- Exposure at default ("EAD")

ECL for financial assets in Stage 1 is calculated by multiplying the 12 months PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD is derived mainly through collecting performance and default information about credit risk exposures in credit risk grades. LGD is the magnitude of the likely loss if there is a default, based on the history of recovery rates of claims against defaulted counter parties considering structure and counter party industry. EAD of a financial asset is its gross carrying value at the time of default.

j) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Foreign currency

Foreign currency translation
Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Kuwait Dinars at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to Kuwait Dinars at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations
The assets and liabilities of foreign operations are translated into KD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into KD at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve in equity.

When a foreign operation is disposed of in its entirety or partially such that control, is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in other comprehensive income and accumulated in the translation reserve in equity.

l) Employees' benefits

Employees are entitled to an end of service indemnity payable under the Kuwait Labour Law based on the employees' accumulated periods of service and latest entitlements of salaries and allowances.

Pensions and other social benefits for Kuwaiti employees are covered by The Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's share of contributions to this scheme, which is a defined contribution scheme, is charged to the consolidated statement of profit or loss and other comprehensive income in the year to which they relate.

m) Provisions

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

n) Fiduciary assets

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

5. Determination of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. Fair value has been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Equity securities
The Group measures the fair value of equity securities using the quoted price in an active market at the reporting date, or if unquoted, the Group uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Other non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and profit cash flows, discounted at the market rate of profit at the reporting date.

6. Cash and cash equivalents

	2020 KD	2019 KD
Cash on hand	493	500
Cash at banks	93,564	60,510
Term deposits with original maturities of less than three months	29,389,826	395,000
	29,483,883	456,010

Term deposits represent deposits with local financial institutions with effective profit rate of 2.04% per annum (2019: 2.95% per annum).

7. Financial asset at fair value through profit or loss

	2020 KD	2019 KD
Local fund	1,249,164	-

Local fund represents an investment in Boubyan KD Money Market Fund II ("the Fund"). The fair value of this investment was determined based on net asset value reported by the fund manager.

During the year ended 31 December 2020, 369,918 units of investment in the Fund were liquidated at a value of KD 400,271 with an original cost of KD 398,657 resulting in gain from redemption amounting to KD 1,614 (2019: nil).

During the year ended 31 December 2020, the Group recognized an amount of KD 7,820 (2019: nil) as unrealized gain from change in fair value of the financial asset at fair value through profit or loss.

8. Wakala with a related party

	2020 KD	2019 KD
Wakala with a related party	121,462	-
Accrued profit	2,579	-
Less: provision for expected credit losses	(6,132)	-
	117,909	-

During the year ended 31 December 2020, the Company transferred an amount of KD 121,462 equivalent to SAR 1,500,000 to Hayat Villas Company L.L.C. ("Jointly controlled entity") based on a Wakala agreement that carries a fixed annual profit rate of return of 5%.

The Company intends to hold the asset to collect contractual cash flows and its contractual terms gave rise, on specified dates, to cash flows that are SPPP on the principal amount outstanding.

The movement in the provision for expected credit losses is as follows:

	Stage 1 KD
Charge during the year and balance at 31 December 2020	(6,132)

The expected credit losses for the year calculated as per IFRS 9 according to the CBK guidelines as at 31 December 2020 amounted to KD 6,132, which is higher than the provisions computed as required by the CBK guidelines amounting to KD 1,240.

9. Investment property

	2020 KD	2019 KD
Balance at 1 January	3,592,788	4,114,161
Additions to investment property	45,545	62,958
Change in fair value of investment property (note 18)	34,776	(584,331)
Carrying amount at 31 December	3,673,109	3,592,788

The fair value of investment property is determined based on valuation performed as at 31 December 2020 and 2019 by accredited independent valuer, who is the industry specialist in valuing this type of investment property.

The fair value measurement for investment properties has been categorised under Level 3 based on the inputs to the valuation techniques used. For the purpose of measuring fair value, the replacement principle has been used by the valuer which reflects the current market expectations about the future estimated replacement cost in the country in which the investment property is located.

10. Equity-accounted investees

The Group has interest in two joint ventures, both of which are equity accounted.

	Hayat Real Estate Investment Company L.L.C.	Hayat Villas Company L.L.C.
Principal activities	Real estate	Real estate
Ownership	50%	50%
Principal place of business and country of incorporation	Saudi Arabia	Saudi Arabia

In accordance with the agreement under which Hayat Real Estate Investment Company L.L.C. and Hayat Villas Company L.L.C. are established, the Group and the other investor in the joint venture have agreed to make 50% contribution each and to undertake any decisions jointly.

The following table summarizes the financial information of Hayat Real Estate Investment Company L.L.C. and Hayat Villas Company L.L.C. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in Hayat Real Estate Investment Company L.L.C. and Hayat Villas Company L.L.C.

	Hayat Real Estate Investment Company L.L.C.		Hayat Villas Company L.L.C.	
	2020 KD	2019 KD	2020 KD	2019 KD
Non-current assets	-	177,279,461	-	-
Current assets	4,436,959	6,195,060	10,196,268	11,764,931
Non-current liabilities	-	(53,665,512)	(3,198,765)	(3,975,372)
Current liabilities	(2,220,035)	(14,562,853)	(1,826,597)	(2,537,065)
Net assets	2,216,924	115,246,156	5,170,906	5,252,494
Group's share of net assets	1,108,462	57,623,078	2,585,453	2,626,247
Carrying amount of interest in joint venture	1,108,462	57,623,078	2,585,453	2,626,247
Revenue	15,688,086	16,151,736	3,102,792	9,930,313
Operating expenses	(6,217,648)	(14,467,314)	(3,187,848)	(7,425,783)
Loss on sale of investment property	(33,860,536)	-	-	-
Total comprehensive (loss) / income	(24,390,098)	1,684,422	(85,056)	2,504,530
Group's share of total comprehensive (loss) / income	(12,195,049)	842,211	(42,528)	1,252,265
Movement in Group's share of interest in net assets of equity-accounted investees				
Carrying amount at 1 January	57,623,078	56,870,879	2,626,247	1,406,120
Group's share of total comprehensive (loss) / income	(12,195,049)	842,211	(42,528)	1,252,265
Foreign exchange impact	41,785	(90,012)	1,734	(32,138)
Dividends	(44,361,352)	-	-	-
Carrying amount at 31 December	1,108,462	57,623,078	2,585,453	2,626,247

During the year, the Group received cash dividends of KD 44,361,352, which primarily consists of cash proceeds relating to the sale of the investment property in Hayat Real Estate Investment Company L.L.C.

11. Other assets

	2020 KD	2019 KD
Prepayments	16,499	37,420
Receivables	23,805	23,635
Due from related parties (note 17)	-	2,951,980
Right-of-use assets	97,997	146,996
Property and equipment	1,061	533
	139,362	3,160,564

12. Islamic finance payables

	2020 KD	2019 KD
Murabaha	-	11,725,675
Wakala	-	2,722,238
	-	14,447,913

The effective profit rate on Islamic finance payables ranged from 3.00% to 6.75% per annum (2019: 6.00% to 6.75% per annum).

13. Other liabilities

	2020 KD	2019 KD
Zakat payable	9,027	9,027
KFAS payable	7,557	7,557
Provision for staff employment benefits	823,685	724,332
Other payables	723,773	183,277
	1,564,042	924,193

14. Share capital

As at 31 December 2020 and 2019, the Company's authorized, issued and fully paid up share capital in cash amounts to KD 15,000,000 comprising of 150,000,000 shares of 100 fils each. All shares were paid in cash.

15. Statutory reserve

In accordance with the Companies Law No.1 of 2016, as amended, and the Company's Articles of Association, 10% of the net profit for the year before contribution to KFAS, Zakat and Directors' remuneration is required transferred to a statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital.

The reserve is not available for distribution except for payment of a dividend of 5% of paid up share capital in years when profit is not sufficient for the payment of such dividend.

The company has not made a transfer to the statutory reserve for the year ended 31 December 2020 (2019: KD 930).

16. Voluntary reserve

In accordance with the Company's Articles of Association, 10% of the net profit for the year is transferred to the voluntary reserve based on a resolution of the shareholders upon the management recommendation.

The company has not made a transfer to the voluntary reserve for the year ended 31 December 2020 (2019: KD 930).

17. Related party transactions

Related parties represent major shareholders, Directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

i) *Consolidated statement of financial position*

	2020 KD	2019 KD
Due from related parties		
Jointly controlled entities		
Other assets (note 11)	-	2,951,980
Wakala with a related party (note 8)	117,909	-
Due to related parties		
Shareholders and related to shareholders		
Islamic finance payables	-	14,447,913
Bank balances	81,526	448,472
Time deposits	-	273,389
Accrued profit on time deposits	-	8,879
Financial asset at fair value through profit or loss (note 7)	1,249,164	-
Key management personnel		
Other liabilities	485,848	451,138

ii) *Consolidated statement of statement of profit and loss and other comprehensive income*

	2020 KD	2019 KD
Shareholders		
Finance cost	686,347	898,430
Profit from time deposits	5,980	55,629
Gain on redemption of financial asset carried at fair value through profit or loss	1,614	-
Change in fair value of financial asset carried at fair value through profit or loss	7,820	
Jointly controlled entities		
Profit from Wakala with a related party	2,597	-
Provision for expected credit losses	6,132	-

Compensation to key management personnel
Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

Significant transactions with key management personnel during the year represent salaries, allowances and other benefits amounting to KD 184,820 (2019: KD 184,820).

18. Net investment loss

	2020 KD	2019 KD
Change in fair value of investment property (note 9)	34,776	(584,331)
Profit from time deposits	8,580	55,629
Gain on redemption of financial asset carried at fair value through profit or loss	1,614	-
Change in fair value of financial asset carried at fair value through profit or loss	7,820	-
Profit from wakala with a related party	2,597	-
Provisions for expected credit losses	(6,132)	-
Foreign exchange (loss) / gain	(78,523)	4,977
	(29,268)	(523,725)

19. Other expenses

	2020 KD	2019 KD
Professional fees	44,026	64,724
Travel expenses	23,419	20,045
Fees and subscription	2,978	1,849
Withholding tax	1,395,196	-
Others	638,817	36,347
	2,104,436	122,965

20. Basic and diluted loss per share

	2020 KD	2019 KD
(Loss) / profit for the year (KD)	(15,610,228)	9,299
Weighted average number of shares outstanding during the year	150,000,000	150,000,000
Basic and diluted (loss) / profit per share (fils)	(104.07)	0.06

21. Kuwait Foundation for Advancement of Sciences ("KFAS")

Contribution towards KFAS is computed at 1% of the net profit for the year after deducting transfers made to statutory reserve.

22. Zakat

Contribution towards Zakat is computed at 1% of the net profit for the year after deducting the transfers made to statutory reserve and contribution made towards KFAS.

23. Fiduciary assets

Fiduciary assets comprise investments managed by the Group on behalf of clients. These are not assets of the Group and accordingly are not included in the consolidated financial statements.

As at the reporting date, total fiduciary assets managed by the Group amounted to KD 2,794,260 (2019: KD 2,768,740). The fee and commission earned on fiduciary assets amounted to KD 2,768 (2019: KD 2,671).

24. Fair value measurement

The fair value of financial instruments traded in active markets (such as trading and financial assets at fair value through other comprehensive income) is based on quoted market prices at the financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

The table below analyses the assets carried at fair value. The different levels have been defined as follows:

- *Level 1:* fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2:* fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- *Level 3:* fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy
The table below analyses financial assets carried at fair value.

31 December 2020	**Level 2 KD**	**Level 3 KD**	**Total KD**
Financial asset at fair value through other comprehensive income	-	96,911	96,911
Financial asset at fair value through profit or loss	1,249,164	-	1,249,164
	1,249,164	96,911	1,346,075

31 December 2019	**Level 2 KD**	**Level 3 KD**	**Total KD**
Financial asset at fair value through other comprehensive income	-	89,314	89,314

The following table shows a reconciliation of the beginning and closing balances of Level 3 financial assets which are recorded at fair value:

	KD
Beginning at 1 January 2020	89,314
Change in fair value	7,597
Balance at 31 December 2020	96,911

The table below analyses investment properties carried at fair value.

31 December 2020	**Level 3** **KD**	**Total** **KD**
Investment property	3,673,109	3,673,109

31 December 2019	**Level 3** **KD**	**Total** **KD**
Investment property	3,592,788	3,592,788

The following table shows a reconciliation of the beginning and closing balances of Level 3 investment properties which are recorded at fair value:

	KD
Beginning at 1 January 2019	4,114,161
Additions during the year	62,958
Change in fair value	(584,331)
Balance at 31 December 2019	3,592,788
Additions during the year	45,545
Change in fair value	34,776
Balance at 31 December 2020	3,673,109

25. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and activities for measuring and managing risk and the Group's management of capital.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from balances with banks and Islamic finance receivables.

The Group limits its exposure to credit risk by only placing funds with counterparties that have high credit ratings. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Credit quality analysis
The carrying amounts of financial assets represent the maximum credit exposure.

	2020 KD	2019 KD
Cash and cash equivalents	29,483,390	455,510
Time deposits with banks	-	273,389
Wakala with a related party	117,909	-
Other assets (excluding prepayments, property and equipment and right-of-use assets)	23,805	2,975,615
	29,625,104	3,704,514

The maximum exposure to credit risk for balances with banks and Islamic finance receivables at the reporting date by sector and geographic region is as follows:

2020	**Balances with banks KD**	**Balances with other parties KD**	**Total KD**
Carrying amounts	29,483,390	117,909	29,601,299
Concentration by sector			
Government	5,000	-	5,000
Banks	29,478,390	-	29,478,390
Real estate	-	117,909	117,909
	29,483,390	117,909	29,601,299
Concentration by location			
GCC	29,475,090	117,909	29,592,999
Others	8,300	-	8,300
	29,483,390	117,909	29,601,299
2019			
Carrying amounts	737,778	2,966,736	3,704,514
Concentration by sector			
Government	5,000	-	5,000
Banks	732,778	-	732,778
Real estate	-	2,966,736	2,966,736
	737,778	2,966,736	3,704,514
Concentration by location			
GCC	726,158	2,959,887	3,686,045
Others	11,620	6,849	18,469
	737,778	2,966,736	3,704,514

Balances with banks
Bank balances and time deposits are held with bank and financial institution counterparties, which are highly rated. Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The 12-month ECL computed on the bank balances and term deposits are insignificant. Hence, no provision for ECL on bank balances are recognized.

Balances with other parties
Balances with other parties of the Group consist of receivables from related parties. The related parties are with high credit rating and reputed in the market. Impairment on the due from a related party have been measured on the basis of lifetime expected credit losses. The Group considers that these have low credit risk based on historical experiences, available press information and experienced credit judgment. As on 31 December 2020, these are neither impaired nor due. Based on the assessment performed by the Group, no provision for ECL on those balances were recognized.

b) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. The Group's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves and bank facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At the reporting date, the contractual maturities of financial liabilities fall within one year and non-current portion of lease liabilities.

c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and profit rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Equity price risk
Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market.

Profit rate risk
Profit rate risk is the risk that the fair value or future cash flows of Group's financial instrument will fluctuate because of changes in market profit rates.

Financial instruments which potentially subject the Group to profit rate risk consist principally of Islamic finance payables. As at 31 December 2020, the Group's did not hold Islamic finance payables and hence, any fluctuation in the profit rate would not have an impact.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures.

Currency exposure arising from this managed primarily through purchasing in the relevant currency and maintaining bank accounts in the relevant currency.

The Group is exposed to currency risk on investments at jointly controlled entities, investment at fair value through other comprehensive income, bank accounts and payables denominated in currencies other than Kuwaiti Dinar.

Exposure to currency risk
As at reporting date, the Group has the following significant net assets exposures determined in foreign currencies:

	KD	Change in currency rate in %	Effect on profit / (loss) KD
2020			
USD	9,884	10	988
SAR	117,909	10	11,791
2019			
USD	(2,546,946)	10	(254,695)
SAR	5,788,658	10	578,866

A 10% weakening of KD against the above currencies at 31 December would have an equal but opposite effect, on the basis that all variables remain constant.

26. Capital commitments

During the year, the Group did not enter into any contracts that may result in capital commitments either from investment property that is under construction or from its interest in joint venture (2019: nil).

27. Contingent liabilities

The Group has provided guarantee to a bank in relation to a borrowing taken by its joint venture, Hayat Real Estate Investment Company L.LC. As per the guarantee, the Group will service the debt service reserve account of the bank up to maximum nil (2019: KD 606,908) being its share of 50%, in the event the joint venture is unable to repay the bank.

28. Capital management

The management's policy is to maintain a strong capital base to sustain future development of the business. The management monitors the return on capital through operating cash flow management. The management seeks to maintain a balance between higher returns and the advantages and security offered by a sound capital position. The Group is not subject to externally imposed capital requirements, except the minimum capital requirements of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations.

29. Impact of COVID-19

In March 2020, the Coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization and has rapidly evolved globally. COVID-19 has also brought about significant uncertainties in the global economic environment. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

The management has been closely monitoring the impact of the COVID-19 developments on the Company's operations and financial position including possible loss of revenue, impairment, etc. The Company has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans. Based on the assessment, management has concluded that the Company will continue as a going concern entity for the next 12 months.

30. Subsequent events

Subsequent to the reporting date, there has been no significant reduction in the fair value of the financial asset at fair value through profit or loss.