



شركة التسهيلات التجارية ش.م.ك
COMMERCIAL FACILITIES CO. s.a.k

**Commercial Facilities Company S.A.K.P.
and Subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information
and Independent Auditors' Review Report
for the three-month period ended 31 March 2021
(Unaudited)**



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Commercial Facilities Company S.A.K.P.
State of Kuwait

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Commercial Facilities Company S.A.K.P. ("the Parent Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2021, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation as disclosed in Note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity."

A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The Group's cash and bank balances, which are carried in the statement of financial position at KD 25,505 thousands (31 December 2020: KD 22,287 thousands) include time deposits denominated in US Dollars and Lebanese Pound with a carrying amount of KD 9,600 thousands (31 December 2020: KD 9,828 thousands) which are held with a bank in the Republic of Lebanon, where there is a restriction in withdrawal of US Dollar deposits. We were unable to complete our review of the time deposits as management were unable to provide us information which supported their assertion that these amounts were recoverable. Had we been able to complete our review of the time deposits, matters might have come to our attention indicating that adjustments might be necessary to the interim financial information. Our audit opinion in the prior year was also modified in respect of this matter.

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note (2).

Report on Other Legal and Regulatory Requirements

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its executive regulations, as amended, or of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulation or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2021, that might had a material effect on the business of Group or on its consolidated financial position.


Talal Yousef Al-Muzaini
License No. 209 A
Deloitte & Touche
Al-Wazzan & Co.

Kuwait, 4 May 2021


Rashed Ayoub Alshadad
License No. 77A
Rödl Middle East
Burgan-International Accountants

Interim Condensed Consolidated Statement of Financial Position as at 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Notes	31 March 2021	31 December 2020 (Audited)	31 March 2020
Assets				
Cash and bank balances	5	25,505	22,287	25,531
Other receivables and prepayments		1,125	1,046	1,932
Finance receivables	6	167,078	173,498	203,158
Investments in securities	7	50,671	47,717	51,185
Investment in associates	8	14,007	13,880	14,189
Investment properties		4,087	4,087	4,244
Property and equipment		2,384	2,454	2,679
Total assets		264,857	264,969	302,918
Liabilities and equity				
Liabilities				
Trade creditors and other liabilities		3,475	4,131	5,648
Term loans	9	99,058	103,122	135,797
Provision for staff indemnity		4,640	4,589	4,582
Total liabilities		107,173	111,842	146,027
Equity				
Share capital		53,676	53,676	53,676
Share premium		1,433	1,433	1,433
Legal reserve		50,788	50,788	50,788
Voluntary reserve		48,093	48,093	48,093
Fair value reserve		1,042	1,030	2,864
Foreign currency translation reserve		937	985	862
Revaluation reserve		852	852	965
Treasury shares	11	(11,271)	(11,271)	(11,271)
Gain on sale of treasury shares		14	14	14
Retained earnings		12,075	7,485	9,434
Equity attributable to the shareholders of the Parent Company		157,639	153,085	156,858
Non-controlling interests		45	42	33
Total equity		157,684	153,127	156,891
Total liabilities and equity		264,857	264,969	302,918

The accompanying notes form an integral part of this consolidated interim financial information.

All Ibrahim Marafi
Chairman



Abdallah Saud Abdulaziz Al-Humaidhi
Vice Chairman and Chief Executive Officer

Interim Condensed Consolidated Statement of Profit or Loss for the three-month period ended 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Notes	Three-month period ended 31 March	
		2021	2020
Financing income		3,447	4,079
Share of results of associates	8	126	132
Other income		10	8
Interest income		92	222
Net gain/ (loss) from investments	12	960	(2,677)
Net foreign exchange gains		-	134
Rental income from investment property		51	65
Total other income		1,239	(2,116)
Borrowing costs		(594)	(1,153)
Staff costs and related expenses		(812)	(704)
General and administrative expenses		(365)	(111)
Net foreign exchange losses		(32)	-
Total other expenses		(1,803)	(1,968)
Profit before provision for credit losses and impairment losses		2,883	(5)
Provision for expected credit loss		1,908	(7,285)
Profit Taxes and Directors' remuneration		4,791	(7,290)
Provision for KFAS		(48)	-
Provision for NLST and Zakat		(162)	-
Provision for Directors' remuneration		(36)	(36)
Profit/ (loss) for the period		4,545	(7,326)
Attributable to:			
Shareholders of the Parent Company		4,542	(7,327)
Non-controlling interests		3	1
		4,545	(7,326)
Earnings/ (loss) per share – Fils	13	9	(14)

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the three-month period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand)

	Three-month period ended 31 March	
	2021	2020
Profit/ (loss) for the period	4,545	(7,326)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign exchange translation	(48)	142
<i>Items that may not be reclassified subsequently to consolidated profit or loss</i>		
Change in fair value of investments at FVOCI	60	85
Other comprehensive income for the period	12	227
Total comprehensive income/ (loss) for the period	4,557	(7,099)
Attributable to:		
Shareholders of the Parent Company	4,554	(7,100)
Non-controlling interests	3	1
	4,557	(7,099)

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity for the three-month period ended 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Equity attributable to shareholders of the Parent Company										Non-Controlling Interest	Total	
	Share capital	Share premium	Legal reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Land revaluation reserve	Treasury shares	Gain on sale of treasury shares	Retained earnings			Total
Balance at 31 December 2020	53,676	1,433	50,788	48,093	1,030	985	852	(11,271)	14	7,485	153,085	42	153,127
Profit for the period	-	-	-	-	-	-	-	-	-	4,542	4,542	3	4,545
Foreign exchange translation adjustments	-	-	-	-	-	(48)	-	-	-	-	(48)	-	(48)
Change in fair value	-	-	-	-	60	-	-	-	-	-	60	-	60
Profit on sale of investments	-	-	-	-	(48)	-	-	-	-	48	-	-	-
Total comprehensive income for the period	-	-	-	-	12	(48)	-	-	-	4,590	4,554	3	4,557
Balance at 31 March 2021	53,676	1,433	50,788	48,093	1,042	937	852	(11,271)	14	12,075	157,639	45	157,684
Balance at 31 December 2019	53,676	1,433	50,788	48,093	2,779	720	965	(11,271)	14	16,761	163,958	32	163,990
Loss for the period	-	-	-	-	-	-	-	-	-	(7,327)	(7,327)	1	(7,326)
Foreign exchange translation adjustments	-	-	-	-	-	142	-	-	-	-	142	-	142
Change in fair value	-	-	-	-	85	-	-	-	-	-	85	-	85
Total comprehensive income for the period	-	-	-	-	85	142	-	-	-	(7,327)	(7,100)	1	(7,099)
Balance at 31 March 2020	53,676	1,433	50,788	48,093	2,864	862	965	(11,271)	14	9,434	156,858	33	156,891

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows for the three-month period ended 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Note	Three-month period ended	
		31 March	
		2021	2020
Operating activities			
Profit/ (loss) before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration		4,791	(7,290)
Adjustments for:			
Depreciation		70	26
(Gain)/ loss in fair value of financial assets at FVTPL		(334)	3,405
Interest income		(92)	(222)
Dividend income		(626)	(728)
Share of results of associates		(126)	(132)
Borrowing cost		594	1,153
Provision for staff indemnity		55	49
Provision for credit loss expense		(1,908)	7,285
		2,424	3,546
Finance receivables		8,646	6,214
Other receivables and prepayments		(31)	(286)
Trade creditors and other liabilities		(599)	(206)
Cash from operations		10,440	9,268
Staff indemnity paid		(4)	(26)
Interest received		92	222
Dividends received		577	728
Net cash from operating activities		11,105	10,192
Investing activities			
Decrease in deposits		(308)	(327)
Purchase of financial assets at FVOCI		(947)	(1,329)
Purchase of financial assets at FVTPL		(3,355)	(431)
Proceeds from sale of financial assets at FVOCI		784	88
Proceeds from sale of financial assets at FVTPL		906	-
Net cash used in investing activities		(2,920)	(1,999)
Financing activities			
Repayment of term loans		(4,064)	(6,152)
Borrowing cost paid		(606)	(1,011)
Dividend payable		(291)	-
Net cash used in financing activities		(4,961)	(7,163)
Net increase in cash and cash equivalents		3,224	1,030
Cash and cash equivalents at beginning of the period		12,459	14,178
Cash and cash equivalents at end of the period	5	15,683	15,208

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Notes to the Interim Condensed Consolidated Financial Information for the three-month period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

1. Incorporation and principal activities

Commercial Facilities Company S.A.K.P. ("the Parent Company") was incorporated on 16 January 1977 in accordance with the Commercial Companies Law in the State of Kuwait. The Parent Company's shares were listed on the Kuwait Stock Exchange on 29 September 1984.

The main activities of the Group represents in financing activities, investments and brokerage.

The address of the Parent Company's registered office is P.O. Box 24284, Safat 13103, State of Kuwait.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 4th May 2021.

2. Basis of preparation and significant accounting policies

2.1 Basis of presentation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting" except as noted below. The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards.

The annual consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") and the Capital market Authority "CMA" in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit 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 the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 31 March 2021 are not necessarily indicative of results that may be expected for the year ending 31 December 2021. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2020.

2.2 Significant accounting policies

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2020. Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2021 did not have any material impact on the accounting policies, financial position or performance of the Group.

3. Financial risk management

3.1 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group's financial assets are measured at fair value at the end of each reporting period. The following tables gives information about how the fair values of these financial assets are determined.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Interim Condensed Consolidated Financial Information for the three-month period ended 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

	Fair value as at			Fair value Hierarchy	Sector
	31 March 2021	31 December 2020 (Audited)	31 March 2020		
Financial assets					
Financial assets at FVTPL - <i>Quoted securities</i>	10,826	10,148	9,022	Level 1	Financial Institutions
	<u>10,826</u>	<u>10,148</u>	<u>9,022</u>		
Financial assets at FVTPL - <i>Debt securities</i>	3,251	1,146	1,189	Level 2	Financial Institutions
Financial assets at FVOCI - <i>Unquoted funds</i>	5,062	5,076	-	Level 2	Financial Institutions
Financial assets at FVOCI - <i>Unquoted debt</i>	3,328	3,831	11,468	Level 2	Financial Institutions
	1,250	1,250	1,250	Level 2	Conglomerate
	2,500	2,500	2,500	Level 2	Real estate
	<u>15,391</u>	<u>13,803</u>	<u>16,407</u>		
Financial assets at FVOCI - <i>Unquoted securities</i>	20,320	19,586	21,354	Level 3	Real estate
	1,707	2,331	1,803	Level 3	Conglomerate
	1,455	-	-	Level 3	Financial Institution
	518	1,394	2,136	Level 3	Service
Financial assets at FVOCI - <i>Unquoted debt</i>	454	455	463	Level 3	Financial Institution
	<u>24,454</u>	<u>23,766</u>	<u>25,756</u>		
	<u>50,671</u>	<u>47,717</u>	<u>51,185</u>		

Movement in level 3 is as follows:

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Opening balance	23,766	24,288	24,288
Change in fair value	27	(443)	226
Purchases/ transfers	945	3,111	1,330
Sales	(284)	(3,190)	(88)
Closing balance	<u>24,454</u>	<u>23,766</u>	<u>25,756</u>

The fair values of equity investments are obtained from quoted market prices and other models.

Valuation techniques include observable market information of comparable companies and net asset values. Significant unobservable inputs used in valuation techniques mainly include market multiples such as price to book and price to earnings. The most significant unobservable inputs used is the illiquidity discount in the level 3 hierarchy. A sensitivity analysis on fair value estimations, by varying input assumptions by a reasonable margin, did not indicate any material impact on the consolidated statement of financial position or consolidated statement of profit or loss.

3.2 Financial risk

The Group has exposure to credit risk, market risk, liquidity risk and operational risk related to its activities. The interim condensed consolidated Financial Statements do not include all financial risk management information and disclosures required in the Annual Consolidated Financial Statements and should be read in conjunction with the Group's Annual Consolidated Financial Statements as at 31 December 2020.

4. Critical judgments and key sources of estimation uncertainty

The critical judgements and estimates used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020 except as disclosed in note 17.

Notes to the Interim Condensed Consolidated Financial Information for the three-month period ended 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

5. Cash and bank balances

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Cash on hand	29	25	36
Bank balances	8,968	12,434	15,172
Deposits	16,508	9,828	10,323
	25,505	22,287	25,531
Less: Deposits with original maturity over three months	(9,822)	(9,828)	(10,323)
Cash and cash equivalents as per consolidated statement of cash flows	15,683	12,459	15,208

The Group's term deposits denominated in USD and Lebanese Pound are with banks in Lebanon. The Group management believes that these amounts are recoverable. The Expected credit losses related to bank balances and term deposits is KD 1,674 thousand (KD 1,360 thousand -31 December 2020).

6. Finance Receivables

The average interest rate earned from instalment credit for the three-month period ended 31 March 2021 was 4.74% (3.86% - 31 December 2020 and 4.67% - 31 March 2020) per annum.

7. Investment securities

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Financial investments at FVTPL	14,077	11,294	10,211
Investments at FVOCI	36,594	36,423	40,974
	50,671	47,717	51,185

8. Investments in associates

Investments in associated companies are as follows:

	Place of incorporation and operation	Proportion of ownership interest	Principal activity
Real Estate Facilities and Investment Company K.S.C.C	Kuwait	30.21%	Investment in real estate
Priority Automobile Company K.S.C.C.	Kuwait	44.56%	Renting and leasing of luxury cars

Group's share from associates' results amount to KD 126 thousand for the period ended 31 March 2021 (KD 132 thousand – 31 March 2020). This financial information has been prepaid based on the financial information prepared by the associates' managements.

9. Term loans

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Loans denominated in KD	97,798	100,595	130,654
Loans denominated in USD	1,260	2,527	5,143
	99,058	103,122	135,797

During the period, the Group signed KD loan agreements amounting to 30 million (KD Nil - 31 December 2020 and KD Nil - 31 March 2020).

The weighted average interest rate on KD loans outstanding at 31 March 2021 was 2.43% per annum and on USD loans was 2.88% per annum (2.66% per annum and 3.23% per annum respectively - 31 December 2020 and 3.28% per annum and 3.65% per annum respectively - 31 March 2020).

The Group's outstanding term loans at 31 March 2021 are borrowed under floating rate agreements. The interest rates were determined at normal commercial rates available from the debt market on an arm's length basis. The Group has assigned customer contracts amounting to KD 95,365 thousand (KD 132,575 thousand - 31 December 2020 and KD 162,040 thousand - 31 March 2020) as security over 15 term loans (15 term loans - 31 December 2020 and 17 term loans - 31 March 2020) with balances outstanding of KD 99,058 thousand (KD 103,122 thousand - 31 December 2020 and KD 135,797 thousand - 31 March 2020).

Notes to the Interim Condensed Consolidated Financial Information for the three-month period ended 31 March 2021 (Unaudited)

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

10. Related party transactions

Related parties comprise associated companies, major shareholders, directors and key management personnel of the Group, their families and companies of which they are the principal owners. The Group enters into transactions with related parties. Pricing policies and terms are approved by the Group's management.

The related party transactions and balances included in this interim condensed consolidated financial information are as follows:

a) Compensation of key management personnel of the Parent Company

	Three-month period ended 31 March	
	2021	2020
Salaries and other short-term benefits	104	135
Post-employment benefits	(115)	31
	<u>(11)</u>	<u>166</u>
b) Instalment debtors		
Balance at 1 January	21	32
Loan advanced during the period	69	-
Instalment repayments received	(3)	(1)
Balance at 31 March	<u>87</u>	<u>31</u>

11. Treasury shares

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Number of shares purchased (000's)	-	-	-
Cost of shares purchased during the period / year (KD'000)	-	-	-
Market value of total treasury shares (KD'000)	5,065	5,296	5,817
Percentage of issued shares (%)	5.39	5.39	5.39
Total number of shares (000's)	28,942	28,942	28,942

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

12. Net gains/ (loss) from investments

	Three-month period ended 31 March	
	2021	2020
Changes in fair value	334	(3,405)
Dividend income	626	728
	<u>960</u>	<u>(2,677)</u>

13. Earnings/ (loss) per share

Earnings/ (loss) per share is computed by dividing profit/ (loss) for the period by the weighted average number of shares outstanding during the period as follows:

	Three-month period ended 31 March	
	2021	2020
Profit/ (loss) for the period	4,542	(7,327)
	Shares	
Weighted average number of the Parent Company's issued and paid-up shares (000's)	536,764	536,764
Weighted average number of the Parent Company's treasury shares (000's)	(28,942)	(28,942)
Weighted average number of the Parent Company's outstanding shares (000's)	<u>507,822</u>	<u>507,822</u>
Earnings/ (loss) per share - Fils	<u>9</u>	<u>(14)</u>

**Notes to the Interim Condensed Consolidated Financial Information for the three-month period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

14. Revenue and segmental analysis

The Group operates in one principal area of activity, the granting of consumer instalment credit facilities. Its consumer credit operations are carried out entirely in the domestic market in Kuwait. The Group has investments both inside and outside Kuwait.

A segmental analysis of profit from ordinary activities, total assets, total liabilities and net assets employed by geographical location is as follows:

	Kuwait	International	Total
At 31 March 2021			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	4,337	454	4,791
Total assets	222,487	42,370	264,857
Total liabilities	(105,913)	(1,260)	(107,173)
Net assets employed	116,574	41,110	157,684
At 31 December 2020 (Audited)			
(Loss)/ profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	(2,462)	1,822	(640)
Total assets	222,996	41,973	264,969
Total liabilities	(109,315)	(2,527)	(111,842)
Net assets employed	113,681	39,446	153,127
At 31 March 2020			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	(7,810)	520	(7,290)
Total assets	257,834	45,084	302,918
Total liabilities	(140,884)	(5,143)	(146,027)
Net assets employed	116,950	39,941	156,891

15. Commitments

The Group has capital commitments of KD 907 thousand (KD 607 thousand - 31 December 2020 and KD Nil - 31 March 2020) on purchase of investments.

16. Annual general assembly

The shareholder's annual general assembly meeting held on 8 April 2021 approved the audited consolidated financial statements of the Group for the year ended 31 December 2020 and they approved to distribute a cash dividends of 10 fils per share (18 fils per share – 2019) amounting to KD 5,078 thousand (KD 9,140 thousand – 2019)

17. Impact of Covid-19

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Fiscal and monetary authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of CBK and IFRS, and incorporated the outcome in these interim condensed consolidated financial information and explained the changes below related to the expected credit loss methodology, impairment of investment properties and valuation estimates and judgements as at and for the period ended 31 March 2021:

**Notes to the Interim Condensed Consolidated Financial Information for the three-month period ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

Expected credit loss model

The Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 March 2021. Revised ECLs were estimated based on a range of forecasted economic conditions at the reporting date and considering the fact that situation is fast evolving, the Group has also considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

Valuation estimates and judgements

The Group considered the potential impact of the current economic volatility on the reported amounts of the Group's financial and non-financial assets. The reported amounts best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that Group has sufficient liquid assets to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.