

THE SECURITIES HOUSE K.S.C.P. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)
31 March 2022

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**The Securities House K.S.C.P.
Kuwait**

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Securities House K.S.C.P (the Parent Company) and its subsidiaries (together called "the Group") as at 31 March 2022 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the International Accounting Standard 34 – Interim Financial Reporting. 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 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.

Conclusion

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 International Accounting Standard 34 – Interim Financial Reporting.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the accompanying interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its interim condensed consolidated financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its interim condensed consolidated financial position.



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

21 April 2022
Kuwait

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Income (Unaudited)
For the period ended 31 March 2022

	Notes	Kuwaiti Dinars	
		Three months ended 31 March	
		2022	2021
INCOME			
From advisory and investment activities			
Management fee income	10	504,920	4,306,759
Advisory fee income		255,049	37,328
Dividend income		47,919	88,116
Realised gain/(loss) on sale of investments at fair value through profit or loss		736,978	(7,621)
Unrealised gain on investments at fair value through profit or loss		226,594	29,219
Income from advisory and investment activities		1,771,460	4,453,801
From commercial activities			
Sales of goods and services		842,086	360,845
Operating costs		(849,681)	(504,499)
Operating loss from commercial activities		(7,595)	(143,654)
Other income / (loss)		10,929	(10,068)
Total income		1,774,794	4,300,079
EXPENSES			
Staff costs		537,743	915,736
General and administration expenses		146,365	257,435
Depreciation		23,185	122,929
Total expenses		707,293	1,296,100
Profit before share of results, amortisation, finance cost and taxation		1,067,501	3,003,979
Share in results of associates	5	85,071	203,960
Share in results of a joint venture	6	(43,691)	(75,411)
Amortisation of intangibles		(50,000)	(50,000)
Finance cost on lease liabilities		(5,300)	(4,615)
Profit before tax for the period		1,053,581	3,077,913
Contribution to KFAS		(9,397)	-
National labor support tax		(24,120)	(69,900)
Zakat		(10,705)	(30,725)
Profit after tax for the period		1,009,359	2,977,288
Attributable to:			
Equity holders of the Parent Company		1,026,327	3,008,432
Non-controlling interests		(16,968)	(31,144)
		1,009,359	2,977,288
Basic and diluted earnings per share attributable to equity holders of the Parent Company	4	2.3 Fils	6.7 Fils

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

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the period ended 31 March 2022

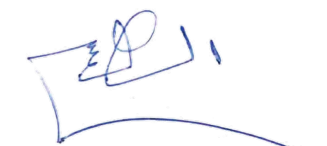
	Kuwaiti Dinars	
	Three months ended 31 March	
Note	2022	2021
Profit for the period	1,009,359	2,977,288
Other comprehensive (loss) / income:		
<i>Items to be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>		
Foreign currency translation adjustment	(412,904)	40,279
<i>Items that will not be reclassified to interim condensed consolidated statement of income:</i>		
Share in other comprehensive (loss) / income of associates	5 (80,366)	71,272
Other comprehensive (loss) / income for the period	(493,270)	111,551
Total comprehensive income for the period	516,089	3,088,839
Attributable to:		
Equity holders of the Parent Company	533,057	3,119,983
Non-controlling interests	(16,968)	(31,144)
	516,089	3,088,839

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

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 31 March 2022

	Notes	Kuwaiti Dinars		
		31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
ASSETS				
Cash and cash equivalents	4	8,429,546	7,523,900	630,336
Accounts receivable and prepayments		1,125,924	949,915	5,891,046
Investments at fair value through profit or loss		5,925,481	5,950,576	7,604,566
Investments at fair value through other comprehensive income		2,131,982	2,131,982	2,579,827
Investment in associates	5	25,202,983	25,610,726	25,588,464
Investment in a joint venture	6	1,205,367	1,249,058	1,444,154
Right of use assets		1,859,823	1,865,462	1,040,005
Furniture and equipment		528,589	520,869	267,999
Intangible assets	7	3,350,000	3,400,000	3,550,000
Goodwill	7	2,400,000	2,400,000	2,400,000
TOTAL ASSETS		52,159,695	51,602,488	50,996,397
LIABILITIES				
Accounts payable and accruals		3,708,820	3,741,640	4,072,429
Lease liabilities		1,927,098	1,924,847	1,067,965
Employees' end of service benefits		1,175,153	1,103,466	1,034,206
TOTAL LIABILITIES		6,811,071	6,769,953	6,174,600
EQUITY				
Share capital	8	45,000,000	45,000,000	55,500,000
Statutory reserve		402,772	402,772	101,480
Foreign currency translation reserve		(3,054,691)	(2,641,787)	(2,420,822)
Cumulative changes in equity of associates		(666,507)	(586,141)	(521,948)
Retained earnings / (accumulated losses)		4,038,912	3,012,585	(7,593,048)
Equity attributable to equity holders of the Parent Company		45,720,486	45,187,429	45,065,662
Non-controlling interests		(371,862)	(354,894)	(243,865)
TOTAL EQUITY		45,348,624	44,832,535	44,821,797
TOTAL LIABILITIES AND EQUITY		52,159,695	51,602,488	50,996,397

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



Ibrahim Yousef Al Ghanim
Chairman



Fahed Faisal Boodai
Chief Executive Officer

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the period ended 31 March 2022

	Notes	Kuwaiti Dinars	
		Three months ended 31 March	
		2022	2021
OPERATING ACTIVITIES			
Profit for the period		1,009,359	2,977,288
Adjustments for:			
Realised (gain) / loss on sale of investments at fair value through profit or loss		(736,978)	7,621
Dividend income		(47,919)	(88,116)
Unrealised gain on investments at fair value through profit or loss		(226,594)	(29,219)
Share in results of associates	5	(85,071)	(203,960)
Share in results of a joint venture	6	43,691	75,411
Amortization of intangibles		50,000	50,000
Depreciation		165,396	212,743
Finance cost on lease liabilities		29,240	16,646
Provision / (reversal of provision) for employees' end of service benefits		93,078	(15,641)
		294,202	3,002,773
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		(178,938)	(5,023,521)
Investments at fair value through profit or loss		988,667	(747,150)
Accounts payable and accruals		(29,891)	896,870
		1,074,040	(1,871,028)
Employees' end of service benefits paid		(21,391)	-
Net cash flows from / (used in) operating activities		1,052,649	(1,871,028)
INVESTING ACTIVITIES			
Dividend income		47,919	96,025
Purchase of furniture and equipment		(38,163)	-
Net cash flows from investing activities		9,756	96,025
FINANCING ACTIVITIES			
Payment of lease liabilities		(127,063)	(104,210)
Finance cost on lease liabilities paid		(29,240)	(16,646)
Net cash flows used in financing activities		(156,303)	(120,856)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		906,102	(1,895,859)
Net foreign exchange difference		(456)	204
Cash and cash equivalents at 1 January		7,523,900	2,525,991
CASH AND CASH EQUIVALENTS AT 31 MARCH	4	8,429,546	630,336

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

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the period ended 31 March 2022

	Kuwaiti Dinars							Total equity
	Attributable to equity holders of the Parent Company						Non-controlling interests	
	Share capital	Statutory reserve	Foreign currency translation reserve	Cumulative changes in equity of associates	Retained earnings/accumulated loss	Sub total		
Balance as at 1 January 2022	45,000,000	402,772	(2,641,787)	(586,141)	3,012,585	45,187,429	(354,894)	44,832,535
Profit/(loss) for the period	-	-	-	-	1,026,327	1,026,327	(16,968)	1,009,359
Other comprehensive loss	-	-	(412,904)	(80,366)	-	(493,270)	-	(493,270)
Total comprehensive income/(loss) for the period	-	-	(412,904)	(80,366)	1,026,327	533,057	(16,968)	516,089
As at 31 March 2022	45,000,000	402,772	(3,054,691)	(666,507)	4,038,912	45,720,486	(371,862)	45,348,624
Balance as at 1 January 2021	55,500,000	101,480	(2,461,101)	(593,220)	(10,601,480)	41,945,679	(212,721)	41,732,958
Profit/(loss) for the period	-	-	-	-	3,008,432	3,008,432	(31,144)	2977,288
Other comprehensive income	-	-	40,279	71,272	-	111,551	-	111,551
Total comprehensive income/(loss) for the period	-	-	40,279	71,272	3,008,432	3,119,983	(31,144)	3,088,839
As at 31 March 2021	55,500,000	101,480	(2,420,822)	(521,948)	(7,593,048)	45,065,662	(243,865)	44,821,797

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

1. Corporate information and activities

The Parent Company is a Kuwaiti public shareholding company incorporated in Kuwait on 28 March 1982 and is regulated by the Capital Market Authorities as a licensed person to engage in the securities activities of portfolio management on behalf of third parties, providing financial advisory and research services, establishing and managing funds and collective investment schemes on behalf of third parties, and placement agency. The Parent Company is also engaged in dealing in securities on its behalf and investment in real estate and other economic sectors. The Parent Company performs its activities in accordance with Shariah principles.

The Parent Company's principal place of business and registered address is 18th floor, Al-Dhow Tower, Khalid Ibn Al-Waleed Street, Sharq, P. O. Box 26972 Safat, 13130, Kuwait.

The interim condensed consolidated financial information of The Securities House K.S.C.P. (the "Parent Company") and subsidiaries (collectively the "Group") for the three months ended 31 March 2021 were authorised for issue by the Board of Directors on 21 April 2022.

2. Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2022 has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting, except as noted below.

The annual consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the three months ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company.

The Annual General Assembly for the year ended 31 December 2021 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the opening balances for the year are subject to shareholders approval.

Changes in accounting policy and disclosures

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021.

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

Amendments to IAS 16	<p>The IASB decided to amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.</p> <p>The IASB also decided to clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes .</p> <p>If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.</p> <ul style="list-style-type: none">- <i>The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.</i>
Annual Improvements to IFRS Standards 2018–2020 (May 2020)	<p>Amendment to IFRS 9 (Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities);</p> <ul style="list-style-type: none">- <i>The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.</i> <p>Other improvements have no effect.</p>

IFRSs issued but not yet mandatorily effective

At the date of authorization of the interim condensed consolidated financial information, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1	<p>Classification of Liabilities as Current or Non-current;</p> <p>The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.</p>
Amendments to IAS 1 and IFRS Practice Statement 2	<p>Disclosure of accounting policies;</p> <p>The amendment is effective for annual periods beginning on or after 1 January 2023.</p>
Amendments to IAS 12	<p>Taxable and deductible temporary differences of the deferred tax asset and liability.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Application of the amendments before the effective date is permitted.</p>
Amendments to IAS 8	<p>Definition of accounting estimates;</p> <p>The amendment is effective for annual periods beginning on or after 1 January 2023.</p>

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the interim condensed consolidated financial information of the Group in the period of initial application.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 31 March 2022

3. Basic and diluted earnings per share attributable to equity holders of the Parent Company

Basic and diluted earnings per share is computed by dividing profit attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Kuwaiti Dinars	
	Three months ended 31 March	
	2022	2021
Profit for the period attributable to equity holders of the Parent Company	1,026,327	3,008,432
	Shares	
Weighted average number of shares outstanding for the period	450,000,000	450,000,000
Basic and diluted earnings per share attributable to the equity holders of the parent company	2.3 Fils	6.7 Fils

Earnings per share for the comparative period has been recomputed based on adjusted number of shares following the share capital reduction (Note 8) (2021: Basic and diluted earnings before retroactive adjustment 5.4 fils).

4. Cash and cash equivalents

Cash and cash equivalents as shown in the interim condensed consolidated statement of cash flows are reconciled to the related items in the interim condensed consolidated statement of financial position as follows:

	Kuwaiti Dinars		
	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Bank balances and cash	3,929,537	6,523,684	481,566
Balances with custodians	9	216	148,770
Short-term murabaha investments with original maturities up to three months	4,500,000	1,000,000	-
	8,429,546	7,523,900	630,336

5. Investment in associates

	Kuwaiti Dinars		
	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
At the beginning of the period/year	25,610,726	25,273,157	25,273,157
Share in results	85,071	836,130	203,960
Share in other comprehensive (loss)/income	(80,366)	7,079	71,272
Foreign currency translation adjustment	(412,448)	(180,686)	40,075
Dividend received	-	(324,954)	-
At the end of the period/year	25,202,983	25,610,726	25,588,464

This represents the Group's share of its investments in Gatehouse Financial Group Limited, Wareef Al Jubail Project Company, Saudi Projects Holding Group, and in Madrono Capital, LLC.

The Group's share in results for all the associates for the three-month period ended 31 March 2022 is based on its management accounts.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 31 March 2022

6. Investment in a joint venture

	Kuwaiti Dinars		
	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
At the beginning of the period/year	1,249,058	1,519,565	1,519,565
Share of results	(43,691)	(270,507)	(75,411)
At the end of the period/year	1,205,367	1,249,058	1,444,154

The Group's share in results of First Kuwaiti for Education Holding Company WLL for the three-month period ended 31 March 2022 is based on its management accounts.

7. Intangible assets and goodwill

	Kuwaiti Dinars		
	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Intangible assets			
Asset management agreements	3,350,000	3,400,000	3,550,000
	3,350,000	3,400,000	3,550,000
Goodwill - Juzur Canary Restaurant Company W.L.L	1,500,000	1,500,000	1,500,000
Goodwill - Manarat Educational Services Company W.L. L	900,000	900,000	900,000
Total Goodwill	2,400,000	2,400,000	2,400,000

8. Share capital

The authorised, issued and fully paid up share capital of the Parent Company is KD 45,000,000 as of 31 March 2022 (31 December 2021: KD 45,000,000; 31 March 2021: KD 55,500,000) comprising of 450,000,000 shares (31 December 2021: 450,000,000; 31 March 2021: 555,000,000) of 100 fils each.

In June 2021, the general assembly of the Parent Company approved the reduction of the share capital against writing-off the accumulated losses balance and the statutory reserve balance as of 31 December 2020.

On 30 March 2022, The Board of directors of the Parent Company resolved and proposed to the Parent Company's shareholders to reduce the authorized, issued, and paid-up share capital in cash by 25,000,000 shares of 100 fils per share amounting to KD 2,500,000. This proposal is subject to the approval of the Capital Markets Authority and the general assembly of the shareholders of the Parent Company.

9. Related party transactions

Related parties represent major shareholders, directors and executive officers of the Parent Company, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Related party transactions consist of the following:

	Kuwaiti Dinars	
	Three months ended 31 March	
	2022	2021
Key management compensation:		
Salaries and other short term benefits	96,945	168,852
Employees' end of services	5,876	(4,332)
	102,821	164,520

10. Segmental analysis

For management purposes the Group is organised into three major business segments:

- Proprietary investment management : Investing of Group's funds in securities and real estate, and managing the Group's liquidity requirements.
- Asset management and advisory services : Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related investment services.
- Commercial activities : Commercial activities include food and education sectors.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 31 March 2022

The following table presents information regarding the Group's business segment:

	Proprietary investment		Asset management and advisory services		Food		Education		Total	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
	Kuwaiti Dinars									
Segment revenue / (loss)	99,646	759,969	4,344,087	467,191	732,995	374,895	(372,150)	2,624,475	4,804,578	
Segment results	(872,429)	583,146	4,020,062	(74,429)	(119,507)	66,834	(24,147)	1,076,898	3,003,979	
Share in results of associates and a joint venture	203,960	-	-	-	-	(43,691)	(75,411)	41,380	128,549	
Amortization of intangibles	-	(50,000)	(50,000)	-	-	-	-	(50,000)	(50,000)	
Finance cost on lease liabilities	(4,615)	-	-	-	-	-	-	(5,300)	(4,615)	
KFAS, NLST and Zakat taxes	(100,625)	-	-	-	-	-	-	(53,619)	(100,625)	
Profit for the period								1,009,359	2,977,288	

Revenue of the asset management and advisory services includes incentive fees amounting to KD Nil (31 March 2021: 3,910,924) that arises mostly in the first or second quarter, as it is based on 31 March year end annual performance of the assets managed under the fiduciary activities.

	Proprietary investment management		Asset management and advisory services		Food		Education		Total	
	31 March		31 March		31 March		31 March		31 March	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
	Kuwaiti Dinars									
Segment assets	10,347,785	620,701	4,454,346	1,086,034	771,160	1,140,804	502,148	9,183,387	16,075,439	
Investment in associates and a joint venture	25,588,464	-	-	-	-	1,205,367	1,444,154	26,408,350	27,032,618	
Others	4,147,034	3,350,000	3,550,000	167,181	155,454	329,408	35,852	16,567,958	7,888,340	
	40,083,283	3,970,701	8,004,346	1,253,215	926,614	2,675,579	1,982,154	52,159,695	50,996,397	
Liabilities:										
Account payable and accruals	3,334,342	14,473	-	529,407	510,995	443,910	227,092	3,708,820	4,072,429	
Lease liabilities	312,019	-	-	615,789	408,884	952,729	347,062	1,927,098	1,067,965	
Employees' end of service benefits	806,084	-	-	155,624	150,930	99,810	77,192	1,175,153	1,034,206	
	4,452,445	14,473	-	1,300,820	1,070,809	1,496,449	651,346	6,811,071	6,174,600	

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) - 31 March 2022

11. Contingent Liabilities

	Kuwaiti Dinars		
	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2021 (Unaudited)
Guarantee provided for murabaha payable of joint venture	10,530,000	10,530,000	10,530,000

For the murabaha payable availed by the joint venture (see Note 6), the joint venture partner and the Group, have given a joint and several guarantee to the lending by local Shariah-compliant financial institution.

12. Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in an active market for identical assets and liabilities:

Level 2 : inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 : inputs are unobservable inputs for the asset or liability.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:
31 March 2022

	Kuwaiti Dinars		
	Level 1	Level 3	Total
Financial assets at fair value			
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equities	2,167,957	-	2,167,957
Unquoted equity securities	-	3,757,524	3,757,524
	<u>2,167,957</u>	<u>3,757,524</u>	<u>5,925,481</u>
<i>Financial assets at fair value through other comprehensive income:</i>			
Unquoted equity securities	-	2,131,982	2,131,982
	<u>-</u>	<u>2,131,982</u>	<u>2,131,982</u>

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31 March 2021	Kuwaiti Dinars		
	Level 1	Level 3	Total
Financial assets at fair value			
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equities	2,214,968	-	2,214,968
Unquoted equity securities	-	5,389,598	5,389,598
	<u>2,214,968</u>	<u>5,389,598</u>	<u>7,604,566</u>
<i>Financial assets at fair value through other comprehensive income:</i>			
Unquoted equity securities	-	2,579,827	2,579,827
	<u>-</u>	<u>2,579,827</u>	<u>2,579,827</u>

Measurement at fair value

The Method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting year/period.

The following table shows a reconciliation of the opening and closing amount of level 3 financial instruments which are recorded at fair value.

	Kuwaiti Dinars				
	As at 1 January 2022	Gain recorded in the consolidated statement of income	Gain/loss recorded in other comprehensive income	Net purchases, sales and settlements	As at 31 March 2022
Financial assets at fair value					
<i>Unquoted equity securities</i>	<u>6,293,922</u>	<u>609,721</u>	<u>-</u>	<u>(1,014,137)</u>	<u>5,889,506</u>

	Kuwaiti Dinars				
	As at 1 January 2021	Gain recorded in the consolidated statement of income	Gain/loss recorded in other comprehensive income	Net purchases, sales and settlements	As at 31 March 2021
Financial assets at fair value					
<i>Unquoted equity securities</i>	<u>7,645,711</u>	<u>60,303</u>	<u>-</u>	<u>263,411</u>	<u>7,969,425</u>

During the period ended 31 March 2022, there were no transfers between the hierarchies.

13. IMPACT OF COVID-19

The future dynamics of the COVID-19 pandemic remain uncertain due to its evolving nature (new ongoing waves of infection, new restrictions, new variants, vaccination efficacy and rollouts). The full extent of the impact of the crisis in the region and related policy and support measures is still not fully known.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of IFRS, and incorporated the outcome in interim condensed consolidated financial information and explained the changes related to the critical judgement and estimates for the period ended 31 March 2022.

Further, management is aware that any further disruptions due to the emerging new covid variants could negatively impact the consolidated financial position, performance and cash flows of the Group in the future. Management continues to closely monitor the market trends, its industry reports and cash flows to minimise any negative impact on the Group.