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

Consolidated Financial Statements and Independent Auditor's Report
31 December 2021

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SECURITIES HOUSE K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Securities House K.S.C.P. ("the Parent Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the State of Kuwait.

Basis for Opinion

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

Key Audit Matters

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

Impairment of investment in associates

As at 31 December 2021, the Group held investments in associates of KD 25,610,231 (2020: KD 25,273,157) in the consolidated financial statements which represents 49.6% (2020: 54.3%) of the total assets.

Investments in associates are accounted for under the equity method of accounting and are considered for impairment when an impairment indicator is identified. During the year ended 31 December 2021, the Group has recognised an impairment loss of Nil (2020: KD 7,425,000) on associates.

The impairment test of the investments in associates performed by management is significant to our audit because the assessment of the recoverable amount requires management to apply significant judgements and make significant estimates. Management used the market multiples approach to assess whether the investment in associates should be impaired. Assessment of impairment using market multiples includes significant judgments and estimates concerning sets of comparable entities, liquidity discounts and costs of disposal and other qualitative and quantitative factors arising from the impact of the ongoing Covid-19 pandemic on the global economy. Accordingly, we consider this as a key audit matter.

Refer to note 2 for the accounting policy relating to investments in associates and note 8 for further details relating to associates.

We performed the following procedures, amongst others, relating to this key audit matter:

- We evaluated the design and implementation of relevant controls over the determination of the recoverable amount of investments in associates;
- With our internal valuation experts, we assessed the valuation methodology applied in determining the recoverable amount and the key assumptions used, such as comparable transactions, liquidity discount and costs of disposal, including a consideration of the impact of the COVID-19 pandemic;
- We reperformed the mathematical accuracy of the valuation calculation;
- We agreed the results of the valuation calculation to the amounts presented in the financial statements, where applicable; and
- We assessed the disclosures made in the financial statements, relating to this matter, against the requirements of IFRSs.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for the year ended 31 December 2020. The other information does not include the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors prior to the date of our auditor's report and we expect to obtain the remaining sections of the Group's Annual Report for the year ended 31 December 2020 after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SECURITIES HOUSE K.S.C.P (Continued)

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all the information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2021 that might have had a material effect on the business of the Parent Company or on its consolidated financial position.

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2021 that might have had a material effect on the business of the Parent Company or on its consolidated financial position.

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

Kuwait
30 March 2022

Consolidated Statement of Income - For the year ended 31 December 2021

	Notes	Kuwaiti Dinars 2021	2020
INCOME			
From advisory and investment activities			
Management fee income	20	**5,720,932**	1,487,414
Advisory fee income	20	**160,827**	63,819
Dividend income		**313,186**	243,421
Realised gain on sale of financial assets at fair value through profit and loss		**157,837**	35,567
Unrealised gain on financial assets at fair value through profit or loss	6	**141,217**	354,832
		6,493,999	2,185,053
From commercial activities			
Sales of goods and services	14	**2,462,777**	1,405,693
Operating costs	14	**(2,734,419)**	(2,003,987)
		(271,642)	(598,294)
Other income		**14,036**	19,906
Total income		**6,236,393**	1,606,665
EXPENSES			
Staff costs		**1,947,334**	1,264,113
General and administrative expenses		**496,624**	447,451
Depreciation		**202,216**	214,779
Total expenses		**2,646,174**	1,926,343
Profit/(loss) before share in results of associates and joint venture, goodwill, amortisation and finance cost		**3,590,219**	(319,678)
Share in results of associates	8	**836,130**	168,331
Share in results of a joint venture	9	**(270,507)**	(252,872)
Impairment of goodwill of an associate	8	**-**	(7,425,000)
Impairment of goodwill	11	**-**	(200,000)
Amortisation of intangibles	11	**(200,000)**	(238,380)
Finance cost on lease liabilities		**(20,299)**	(3,255)
National Labor Support Tax		**(79,548)**	-
Zakat		**(34,966)**	-
Profit/(loss) for the year		**3,821,029**	(8,270,854)
Attributable to:			
Equity holders of the Parent Company		**3,913,202**	(7,793,270)
Non-controlling interests		**(92,173)**	(477,584)
Profit/(loss) for the year		**3,821,029**	(8,270,854)
Basic and diluted earnings/(loss) per share attributable to equity holders of the Parent Company	4	**8.7 Fils**	(18.2) Fils

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

Consolidated Statement of Comprehensive Income - For the year ended 31 December 2021

	Notes	Kuwaiti Dinars 2021	2020
Profit/(loss) for the year		**3,821,029**	(8,270,854)
Other comprehensive loss			
Items that will be reclassified to consolidated statement of income			
Foreign currency translation adjustment		**(180,686)**	490,585
Items that will not be reclassified to consolidated statement of income			
Cumulative changes in fair value of financial assets at fair value through other comprehensive income		**(447,845)**	(1,306,657)
Share in other comprehensive income/(loss) of associates	8	**7,079**	(79,400)
Other comprehensive loss for the year		**(621,452)**	(895,472)
Total comprehensive income/(loss) for the year		**3,199,577**	(9,166,326)
Attributable to:			
Equity holders of the Parent Company		**3,291,750**	(8,688,742)
Non-controlling interests		**(92,173)**	(477,584)
		3,199,577	(9,166,326)

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

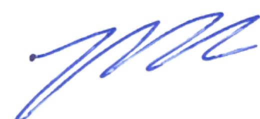
The Securities House K.S.C.P. and Subsidiaries
Kuwait

Consolidated Statement of Financial Position as at 31 December 2021

	Notes	Kuwaiti Dinars	
		2021	**2020**
ASSETS			
Cash and cash equivalents	5	**7,523,900**	2,525,991
Accounts receivable and prepayments		**949,915**	893,784
Investments at fair value through profit or loss	6	**5,950,576**	6,835,818
Investments at fair value through other comprehensive income	7	**2,131,982**	2,579,827
Investment in associates	8	**25,610,726**	25,273,157
Investment in a joint venture	9	**1,249,058**	1,519,565
Right of use assets	10	**1,865,462**	505,746
Furniture and equipment		**520,869**	383,950
Intangible assets	11	**3,400,000**	3,600,000
Goodwill	11	**2,400,000**	2,400,000
TOTAL ASSETS		**51,602,488**	46,517,838
LIABILITIES			
Accounts payable and accruals		**3,741,640**	3,193,909
Lease liabilities	12	**1,924,847**	541,124
Employees' end of service benefits		**1,103,466**	1,049,847
TOTAL LIABILITIES		**6,769,953**	4,784,880
EQUITY			
Share capital	13 a	**45,000,000**	55,500,000
Statutory reserve	13 b	**402,772**	101,480
Foreign currency translation reserve		**(2,641,787)**	(2,461,101)
Cumulative changes in equity of associates		**(586,141)**	(593,220)
Retained earnings / (accumulated losses)		**3,012,585**	(10,601,480)
Equity attributable to equity holders of the Parent Company		**45,187,429**	41,945,679
Non-controlling interests		**(354,894)**	(212,721)
TOTAL EQUITY		**44,832,535**	41,732,958
TOTAL LIABILITIES AND EQUITY		**51,602,488**	46,517,838

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

Ibrahim Youssef Al Ghanim
Chairman



Fahed Faisal Boodai
Chief Executive officer

Consolidated Statement of Cash Flows – For the year ended 31 December 2021

	Notes	Kuwaiti Dinars	
		2021	**2020**
OPERATING ACTIVITIES			
Profit/(loss) for the year		**3,821,029**	(8,270,854)
Adjustments for:			
Realised gain on sale of financial assets at fair value through profit or loss		**(157,837)**	(35,567)
Dividend income		**(313,186)**	(243,421)
Unrealised gain on financial assets at fair value through profit or loss	6	**(141,217)**	(354,832)
Share in results of associates	8	**(836,130)**	(168,331)
Share in results of a joint venture	9	**270,507**	252,872
Impairment of goodwill of an associate	8	-	7,425,000
Impairment of goodwill	11	-	200,000
Amortisation of intangibles	11	**200,000**	238,380
Depreciation		**587,305**	571,228
Finance cost on lease liabilities		**77,639**	49,267
Provision for employees' end of service benefits		**159,638**	180,410
		3,667,748	(155,848)
Change in operating assets and liabilities:			
Accounts receivable and prepayments		**(91,487)**	(143,901)
Financial assets at fair value through profit or loss		**1,184,296**	(1,020,254)
Accounts payable and accruals		**555,089**	(476,316)
		5,315,646	(1,796,319)
Employees' end of service benefits paid		**(106,019)**	(67,525)
Net cash flows from/(used in) operating activities		**5,209,627**	(1,863,844)
INVESTING ACTIVITIES			
Purchase of investments at fair value through other comprehensive income		-	(305,000)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	60,926
Purchase of an investment in an associate	8	-	(39,964)
Dividend income received		**313,186**	191,518
Dividend received from an associate	8	**324,954**	146,200
Purchase of furniture and equipment		**(363,031)**	(21,688)
Net cash flows from investing activities		**275,109**	31,992
FINANCING ACTIVITIES			
Cash received from non-controlling interests on sale of interest in a subsidiary	3	-	61,453
Net movement on non-controlling interests	3	**(100,000)**	-
Payment of lease liabilities	12	**(309,188)**	(387,059)
Finance cost on lease liabilities paid	12	**(77,639)**	(49,267)
Net cash flows used in financing activities		**(486,827)**	(374,873)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,997,909**	(2,206,725)
Net foreign exchange difference		-	(1,309)
Cash and cash equivalents at 1 January		**2,525,991**	4,734,025
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5	**7,523,900**	2,525,991

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

Consolidated Statement of Changes in Equity – For the year ended 31 December 2021

	Kuwaiti Dinars								
	Attributable to equity holders of the Parent Company							Non-controlling interests	Total equity
	Share capital	Statutory reserve	Fair value Reserve	Foreign currency translation reserve	Cumulative changes in equity of associates	Retained earnings/ accumulated loss	Sub total		
Balance as at 1 January 2020	45,000,000	101,480	(1,426,886)	(2,951,686)	(513,820)	409,853	40,618,941	10,218,890	50,837,831
Loss for the year	-	-	-	-	-	(7,793,270)	(7,793,270)	(477,584)	(8,270,854)
Other comprehensive (loss)/income	-	-	(1,306,657)	490,585	(79,400)	-	(895,472)	-	(895,472)
Total comprehensive loss for the year	-	-	(1,306,657)	490,585	(79,400)	(7,793,270)	(8,688,742)	(477,584)	(9,166,326)
Share swap with non-controlling interests (Note 13 a)	10,500,000	-	-	-	-	(484,520)	10,015,480	(10,015,480)	-
Transfer	-	-	2,733,543	-	-	(2,733,543)	-	-	-
Sale of interest in a subsidiary to non-controlling interests (Note 3)	-	-	-	-	-	-	-	61,453	61,453
As at 31 December 2020	55,500,000	101,480	-	(2,461,101)	(593,220)	(10,601,480)	41,945,679	(212,721)	41,732,958
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 for the year	-	-	-	-	-	**3,913,202**	**3,913,202**	**(92,173)**	**3,821,029**
Other comprehensive (loss)/income	-	-	**(447,845)**	**(180,686)**	**7,079**	-	**(621,452)**	-	**(621,452)**
Total comprehensive loss for the year	-	-	**(447,845)**	**(180,686)**	**7,079**	**3,913,202**	**3,291,750**	**(92,173)**	**3,199,577**
Share capital restructuring (Note 13 a)	**(10,500,000)**	**(101,480)**	-	-	-	**10,601,480**	-	-	-
Transfer to reserve (Note 13 b)	-	**402,772**	-	-	-	**(402,772)**	-	-	-
Transfer	-	-	**447,845**	-	-	**(447,845)**	-	-	-
Sale of interest in a subsidiary to non-controlling interests (Note 3)	-	-	-	-	-	**(50,000)**	**(50,000)**	**50,000**	-
Net movement on non-controlling interests (Note 3)	-	-	-	-	-	-	-	**(100,000)**	**(100,000)**
As at 31 December 2021	**45,000,000**	**402,772**	-	**(2,641,787)**	**(586,141)**	**3,012,585**	**45,187,429**	**(354,894)**	**44,832,535**

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

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, Khaled Ibn Al-Waleed Street, Sharq, P. O. Box 26972 Safat, 13130, Kuwait.

The consolidated financial statements of The Securities House K.S.C.P. (the "Parent Company") and subsidiaries (collectively the "Group") for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 30 March 2022. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the annual general assembly.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all IFRS except for the measurement and disclosure requirements, in respect of expected credit losses (ECL) on credit facilities under IFRS 9: Financial Instruments, where the provision for credit losses on credit facilities is the higher of ECL under IFRS 9 according to the CBK guidelines and provisions required by the CBK instructions.

The consolidated financial statements of the Group have been prepared under historical cost convention except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the functional currency of the Parent Company.

2.2 New and revised accounting standards

Effective for the current year

The accounting policies used in the preparation of these financial statements are consistent with those used in the previous year except for the following new and amended IASB Standards during the year:

<table>
<tr>
<td>Interest Rate Benchmark Reform "phase two" amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16</td>
<td>The amendments provide specific guidance on how to treat financial assets and financial liabilities where the basis for determining the contractual cash flows changes as a result of interest rate benchmark reform. This can include cases where the contractual terms are amended, cases where the contractual terms are not amended but for example where the method for calculating the interest rate benchmark is altered, and cases where an existing contractual term is activated such as when a fallback clause is triggered.
Phase 2 amendments Interest Rate Benchmark Reform - to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements
- The amendments apply to all entities and are not optional.
- The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted.
The Group has no LIBOR linked contracts.</td>
</tr>
</table>

Covid-19-Related Rent Concessions beyond 30 June 2021 [IFRS 16]	In May 2020 The International Accounting Standards Board (IASB) amends IFRS 16, which relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification, that applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. In March 2021, IASB extended the availability of the practical expedient to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. This is the only change made to the practical expedient - The amendments are effective for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted. - No impact to the financial statements.

2.3 Standard issued but not effective

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

IFRS 17 *Insurance Contracts*	The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.
Amendments to IFRS 3 *Reference to the Conceptual Framework*	The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same or earlier.
Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application Permitted.
Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Annual Improvements to IFRS Standards 2018-2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture* The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 The amendment is effective for annual periods beginning on or after 1 January 2023.
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies The amendment is effective for annual periods beginning on or after 1 January 2023.
Amendments to IAS 8	Definition of accounting estimates The amendment is effective for annual periods beginning on or after 1 January 2023.

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 consolidated financial statements of the Group in the period of initial application.

2.4 Business combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition is measured as the fair values of the assets given, equity interests issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized at the non-controlling interest's proportionate share of the acquiree's net assets.

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of income. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

An indemnification received from the seller in a business combination for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability that is recognized at the acquisition date at its acquisition-date fair value is recognized as an indemnification asset at the acquisition date at ts acquisition-date fair value.

The Group uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

2.5 Consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and income. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full. Intra group losses that indicate an impairment is recognized in the consolidated financial statements.

When the Parent Company loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of income.

2.6 Financial instruments

Recognition/derecognition of financial assets and financial liabilities

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

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

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

Classification of financial assets and financial liabilities

IFRS 9 requires financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at Fair Value through Profit or Loss. The Group's business model is based on observable factors such as:

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

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI test)

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

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

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

The Group classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost
- Investment securities at FVTPL
- Investment securities at FVOCI

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

Bank balances and cash, short-term murabaha investments, accounts receivables in the nature of financial assets are classified as financial assets carried at amortised cost.

Investment securities at FVTPL

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Included in this classification are certain, equities securities that have been acquired principally for the purpose of selling or repurchasing in the near term.

Investment securities at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Equity instruments at FVOCI are subsequently measured at fair value. Gains and losses on these equity instruments are never recycled to consolidated statement of income. Dividends are recognised in consolidated statement of income, when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in consolidated statement of comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. The cumulative gains or losses will not be reclassified to consolidated statement of income, instead, they will be transferred to retained earnings in the consolidated statement of changes in equity.

Financial liabilities/equity

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

Financial guarantees

Financial guarantees are subsequently measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

Impairment of financial assets

The Group recognizes expected credit losses (ECL) on financial assets that are measured at amortized cost.

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

General approach

Under general approach, assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized. 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade"

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized as the difference between the financial asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Any adjustments to the carrying amount of the financial asset arising from expected credit losses is recognized in consolidated statement of income as an impairment gain or loss.

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

The Group recognizes ECL for bank balances and cash and short-term murabaha investments using the general approach described above.

Simplified approach

The Group applies the simplified approach to recognise lifetime expected credit losses for accounts receivable. Accordingly accounts receivable which is not credit impaired and which do not have significant financing component are categorised under stage 2 and lifetime ECL is recognised.

Event of default

The Group considers an event of default has occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full (without taking into account any collateral held by the Group). Irrespective of this criteria, the Group considers that a default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

2.7 Fair value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or the most advantageous market must be accessible to by the Group.

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

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

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

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs 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.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices.

Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.
For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost less impairment.

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

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

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

2.8 Investment in associates

An associate is an entity over which the Group exerts significant influence. Investment in associates is accounted for, under the equity method of accounting. Where an associate is acquired and held exclusively for resale, it is accounted for as a non-current asset held for resale under IFRS 5.

Under the equity method, the investment in associates is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associates' net assets. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The Group recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date that influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in Group's share in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss statement. The Group's share of those changes is recognised in the consolidated statement of income and comprehensive income.

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

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9.

The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to consolidated statement of income on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to consolidated statement of income (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to consolidated statement of income the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to consolidated statement of income on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.9 Investment in joint venture

A joint arrangement is a contractual arrangement that gives two or more parties joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the net assets of the arrangement. The Group recognises its interests in joint ventures and accounts for it using the equity method.

2.10 Furniture and equipment

Furniture and equipment is carried at cost less accumulated depreciation and impairment losses. The cost of furniture and equipment is depreciated on a straight- line basis over an estimated useful life of years as follows:

- Leasehold improvements and fixtures 5 years
- Furniture 5 years

The carrying amount of furniture and equipment is reviewed at each statement of financial position date to determine whether there is any indication of impairment in its carrying value. If any such indication exists, an impairment loss is recognised in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.11 Intangible assets

Identifiable non-monetary assets acquired in a business combination and from which future benefits are expected to flow are treated as intangible assets. Intangible assets and are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets which have a finite life are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The intangible assets are tested for impairment based on the same policy as that of Goodwill.

Intangible assets comprise of brand and asset management agreements where brand is considered as an intangible asset with indefinite useful life and asset management agreements are considered as intangible assets with finite lives and are amortised over their useful lives of 20 years.

2.12 Goodwill

Goodwill arising in a business combination is computed as the excess of the aggregate of: the consideration transferred; the non-controlling interests proportionate share in the recognized amounts of the acquiree's net identifiable assets at the acquisition date, if any; and in a business combination achieved in stages the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Any deficit is a gain from a bargain purchase and is recognized directly in the consolidated statement of income.

Goodwill is allocated to each of the cash generating units for the purpose of impairment testing. Gains and losses on disposal of an entity or a part of an entity include the carrying amount of goodwill relating to the entity or the portion sold.

Goodwill are tested at least annually for impairment and carried at cost less accumulated impairment losses.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units for the purpose of assessing impairment of goodwill.

If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit. That relating to goodwill cannot be reversed in a subsequent period.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal four to five year plans for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the four to five year period. Fair value less costs to sell is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash-generating unit's (CGU) recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income.

2.14 Cash and cash equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents include bank balances and cash and short-term murabaha investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

2.15 Post-employment benefits

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at cessation of employment. The defined benefit plan is unfunded and is based on the liability that would arise on involuntary termination of all employees on the reporting date. This basis is considered to be a reliable approximation of the present value of this liability.

2.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

i) Basic management fees from portfolios and collective investment schemes is recognised over the period of time as the Group satisfies the performance obligation by transferring the promised services to the customer.

ii) Incentive management fees from fiduciary activities is recognised point in time when the Group satisfies the performance obligation by transferring the promised services to the customer.

iii) Gain or losses on sale of investments are recognised when the risks and rewards are transferred to the buyer.

iv) Dividend income is recognised when the right to receive payment is established.

v) Tuition fees is recognised over the period of time as the Group satisfies the performance obligation by transferring the promised services to the customer. Fees received/billed in advance are deferred.

vi) Food and beverages- revenue from hotel activity is recognised at point in time as the Group satisfies the performance obligation by transferring the promised services to the customer.

2.17 Accounting for leases

Where the Group is the lessee

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

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

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

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

Subsequent measurement

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

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

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

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

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

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

2.18 Foreign currencies

Foreign currency transactions are recorded at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies outstanding at the year-end are translated into Kuwaiti Dinars at rates of exchange ruling at the reporting date. Any resultant gains or losses are taken to the consolidated statement of income.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Translation difference on non-monetary items classified as "at fair value through profit or loss" are reported as part of the fair value gain or loss in the consolidated statement of income whereas, those on non-monetary items classified as "available for sale" financial assets are included in consolidated statement of income and comprehensive income.

The income and cash flow statements of foreign operations are translated into the Parent Company's reporting currency at average exchange rates for the year and their statement of financial position is translated at exchange rates ruling at the year-end. Exchange differences arising from the translation of the net investment in foreign operations (including goodwill) are taken to the consolidated statement of comprehensive income. When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of income as part of the gain or loss on sale.

2.19 Contingencies

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefit is probable. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

2.20 Zakat

Zakat is calculated and paid at 1.0% of the profit of the Group in accordance with the Law No. 46 of 2006. Responsibility for the calculation of Zakat in accordance with Shariah principles and the payment of unsettled zakat lies with the shareholders.

2.21 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. 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.

Judgements

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

Significant increase in credit risk

As explained in note 2.6, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or life time ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Business combinations

To allocate the cost of a business combination management exercises significant judgment to determine identifiable assets, liabilities and contingent liabilities whose fair value can be reliably measured, to determine provisional values on initial accounting and final values of a business combination and to determine the amount of goodwill and the Cash Generating Unit to which it should be allocated.

Impairment of financial assets

The Group estimates expected credit loss for all financial assets carried at amortised cost or fair value through consolidated statement of income except for equity instruments. The determination of expected credit loss involves significant judgement because of the use of external and internal data and assumptions. Refer note 2.6 impairment of financial assets for more information.

Contingent liabilities

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

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. To assess whether there are objective evidence of impairment requires significant judgement regarding one or more of loss events

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Estimation uncertainty

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

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;
- earnings multiple technique; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Impairment of investment in associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associates at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment using the market multiple approach which includes significant judgments and estimates concerning sets of comparable entities, liquidity discounts and costs of disposal. The difference between the recoverable amount of the associate and its carrying value is recognizes in the consolidated statement of income.

Impairment provision of receivables

An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

3. SUBSIDIARIES

Details of the subsidiaries are shown below.

Subsidiaries	Country of incorporation	Percentage of ownership	
		2021	**2020**
Juzur Canary Restaurant Company W.L.L. ("Canary")	Kuwait	**70.0%**	-
Manarat Educational Services Company W.L.L. ("Manarat")	Kuwait	**80.0%**	-
Al Zad Financial and Economical Consultancy K.S.C.(Closed) ("Al Zad") (Formerly: Al Aman Holding Company]	Kuwait	**80.0%**	99.9%
Securities House for Real Estate Services K.S.C.(Closed)	Kuwait	**99.9%**	99.9%
Saji Real Estate Company K.S.C. (Closed)	Kuwait	**90.0%**	90.0%
Silverstone Capital Ltd.	Cayman Islands	**100.0%**	100.0%
Al Mathaq Holding Company W.L.L. ("Al Mathaq")	Kuwait	-	100.0%
Al Bairouni General Trading S.P.C ("Al Bairouni")	Kuwait	-	100.0%
Held through Al Mathaq			
Juzur Canary Restaurant Company W.L.L. ("Canary")	Kuwait	-	70.0%
Held through Al Bairouni			
Manarat Educational Services Company W.L.L. ("Manarat")	Kuwait	-	80.0%
Held through Silverstone Capital Ltd.			
Greystone Capital Inc.	United States	**100.0%**	100.0%

In August 2021, the Group sold a 20% interest in Al Zad to the non-controlling interests without consideration. The transaction resulted in net movement on non-controlling interests amounting to KD 50,000.

According to the extraordinary general assembly meetings of "Al Mathaq" and "Al Bairouni" both held on 30 November 2021, the Group liquidated "Al Mathaq" and "Al Bairouni" companies and has direct ownership in Canary and Manarat companies. The Group is in the process of recording the matter in the Commercial Register and finalizing it with the Ministry of Justice. The transaction resulted in net movement on non-controlling interests amounting to KD 100,000.

In July 2020, the Group sold a 6.0% interest in Canary to the non-controlling interests for KD 61,453.

4. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

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

	Kuwaiti Dinars	
	2021	**2020**
Profit / (loss) for the year attributable to equity holders of the Parent Company	**3,913,202**	(7,793,270)
	Shares	
Weighted average number of shares outstanding for the year	**450,000,000**	428,832,521
Basic and diluted earnings / (loss) per share attributable to the equity holders of the Parent Company	**8.7 Fils**	(18.2) Fils

Earnings per share for the previous year has been recomputed based on adjusted number of shares following the share capital reduction (Note 13 a) (2020: Basic and diluted earnings before retroactive adjustment (14.7) fils) .

5. CASH AND CASH EQUIVALENTS

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

	Kuwaiti Dinars	
	2021	**2020**
Bank balances and cash	**6,523,684**	2,492,559
Balances with custodians	**216**	33,432
Short-term murabaha investments with original maturities up to three months	**1,000,000**	-
	7,523,900	2,525,991

Short-term murabaha investments carry an effective average profit rate of 1.2 % (2020: Nil) per annum.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Kuwaiti Dinars	
	2021	**2020**
Held for trading		
Quoted equity securities	**1,788,636**	1,769,934
Designated upon initial recognition		
Unquoted local equity securities	**51,875**	68,750
Unquoted foreign equity securities	**1,253,855**	2,107,254
Unquoted debt securities	**2,856,210**	2,889,880
	5,950,576	6,835,818

During the year, the Group had an unrealised gain on quoted equity investments amounting to KD 104,335 (2020: KD 121,118), an unrealised gain on unquoted equity investments amounting to KD 70,552 (2020: KD 94,134) and an unrealised loss on unquoted debt investments amounting to KD 33,670 (2020: gain of KD 139,580).

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Kuwaiti Dinars	
	2021	**2020**
Unquoted local equity securities	**1,100,000**	1,400,000
Unquoted foreign equity securities	**1,031,982**	1,179,827
	2,131,982	2,579,827

During the year, the Group had an unrealised loss on unquoted equity investments amounting to KD 447,845 (2020: KD 1,306,657).

8. INVESTMENT IN ASSOCIATES

Details of the associates are shown below.

	Country of incorporation	**Percentage of ownership**	
		2021	**2020**
Gatehouse Financial Group Limited ("Gatehouse")	United Kingdom	**28.6%**	28.6%
Wareef Al Jubail Project Company ("Wareef Al Jubail")	Kuwait	**39.5%**	39.5%
Saudi Projects Holding Group ("Saudi Projects")	Kuwait	**24.8%**	24.8%
Held through Silverstone Capital Ltd.			
Madrono Capital, LLC ("Madrono")	United States	**50.0%**	50.0%

Movement on the investment in associates is shown below.

	Kuwaiti Dinars	
	2021	**2020**
At the beginning of the year	**25,273,157**	32,232,006
Acquisitions	-	39,964
Share in results (a)	**836,130**	168,331
Share in other comprehensive loss	**7,079**	(79,400)
Foreign currency translation adjustment	**(180,686)**	483,456
Dividend received	**(324,954)**	(146,200)
Impairment of goodwill (b)	-	(7,425,000)
At the end of the year	**25,610,726**	25,273,157

a) The Group's share in gain of Wareef Al Jubail of KD 188,303 and share in loss of Saudi Projects of KD 33,394, for the year are recognized based on the associates' unaudited management accounts.

b) At 31 December 2021, the Group performed an impairment test on its investment in associates which resulted in Nil impairment (2020: recognition of an impairment loss amounting to KD 7,425,000) on investment in Gatehouse. The recoverable amount of the investment in Gatehouse has been determined based on fair value less cost to sell using market multiples approach.

The following table illustrates summarised financial information of investment in associates:

	Kuwaiti Dinars				
31 December 2021	**Gatehouse**	**Saudi Projects**	**Wareef Al Jubail**	**Madrono**	**Total**
Current assets	**28,771,755**	**939,121**	**132,442**	**183,819**	
Non-current assets	**396,107,847**	**6,934,503**	**5,497,420**	-	
Current liabilities	**(378,670,895)**	**(186,652)**	**(68,381)**	**(1,812)**	
Non-current liabilities and non-controlling interests	**(2,053,716)**	**(1,997,613)**	**(680)**	-	
Net Assets	**44,154,991**	**5,689,359**	**5,560,801**	**182,007**	
Revenues	**15,382,733**	**222,198**	**542,342**	**809,423**	
Profit / (Loss) for the year	**1,147,005**	**(182,913)**	**488,838**	**707,906**	
Share of associates' net assets	**12,632,743**	**1,408,117**	**2,196,180**	**91,003**	**16,328,043**
Goodwill	**9,282,683**	-	-	-	**9,282,683**
Carrying amount of interest in associates	**21,915,426**	**1,408,117**	**2,196,180**	**91,003**	**25,610,726**

	Kuwaiti Dinars				
31 December 2020	**Gatehouse**	**Saudi Projects**	**Wareef Al Jubail**	**Madrono**	**Total**
Current assets	13,166,036	664,387	27,343	150,088	
Non-current assets	332,626,500	7,435,565	5,127,724	-	
Current liabilities	(299,364,050)	(209,043)	(71,055)	(26,080)	
Non-current liabilities and non-controlling interests	(3,193,062)	(2,066,622)	-	-	
Net Assets	43,235,424	5,824,287	5,084,012	124,008	
Revenues	10,560,470	601,545	(98,189)	283,184	
Profit / (loss) for the year	689,075	33	(250,471)	220,988	
Share of associates' net assets	12,369,655	1,441,511	2,007,877	62,004	15,881,047
Goodwill	9,392,110	-	-	-	9,392,110
Carrying amount of interest in associates	21,761,765	1,441,511	2,007,877	62,004	25,273,157

9. INVESTMENT IN A JOINT VENTURE

In June 2019, the Group, jointly with a joint venture partner on a 50% ownership basis each, established First Kuwaiti for Education Holding Company WLL (the "joint Venture") for a total capitalised value of KD 3,611,000.

Details of the Joint Venture is shown below.

Name of joint venture	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group
First Kuwaiti for Education Holding Company WLL	Owning 100% of the share capital of Kuwaiti company, Dar Al Salam Educational Company WLL, that owns and manages schools in the State of Kuwait	Kuwait	50.0%

Movement on the investment in a Joint venture is shown below.

	Kuwaiti Dinars	
	2021	**2020**
At the beginning of the year	**1,519,565**	1,772,437
Share of results	**(270,507)**	(252,872)
At the end of the year	**1,249,058**	1,519,565

The management believes that there is no objective evidence of impairment in the value of its investment in the joint venture.

The following table illustrates summarised financial information of investment in a Joint Venture:

	Kuwaiti Dinars	
31 December	**2021**	**2020**
Current assets	**1,426,098**	1,021,891
Non-current assets	**20,810,340**	21,194,847
Current liabilities	**(5,470,614)**	(5,565,253)
Non-current liabilities	**(14,267,708)**	(13,612,355)
Net Assets	**2,498,116**	3,039,130
Revenues	**2,270,669**	2,393,656
Loss for the period	**(541,014)**	(505,744)
Share of the joint venture's net assets	**1,249,058**	1,519,565
Carrying amount of interest in a joint venture	**1,249,058**	1,519,565

10. RIGHT OF USE ASSETS

	Kuwaiti Dinars	
	2021	**2020**
As at 1 January	505,746	992,317
Additions – see note 12	1,734,834	-
Reversal due to lease cancellation	-	(94,187)
Depreciation	(375,118)	(392,384)
As at 31 December	**1,865,462**	505,746

The Group leases office spaces and building for its operations. Lease contracts are typically made for fixed periods ranging from 3 to 8 years.

Depreciation allocated to the statement of income under commercial activities amounted to KD 262,902 (2020: 275,087) and allocated to the statement of income under direct expenses KD 112,216 (2020: 117,297).

11. INTANGIBLE ASSETS AND GOODWILL

	Kuwaiti Dinars	
	2021	**2020**
Intangible assets:		
Asset management agreements		
At beginning of the year	**3,600,000**	3,838,380
Amortisation for the year	**(200,000)**	(238,380)
At end of the year	**3,400,000**	3,600,000
Goodwill:		
At beginning of the year	**2,400,000**	2,600,000
Impairment	**-**	(200,000)
At end of the year	**2,400,000**	2,400,000
Related to:		
Juzur Canary Restaurant Company W.L.L. ("Canary")	**1,500,000**	1,500,000
Manarat Educational Services Company WLL. ("Manarat")	**900,000**	900,000
Total	**2,400,000**	2,400,000

At 31 December 2021, the Group performed an impairment test on its investments in subsidiaries which resulted in the recognition of an impairment loss amounting to KD Nil (2020: 100,000) in Canary, and KD Nil (2020: 100,000) in Manarat. The management believes that there is no objective evidence on circumstances that indicates any further impairment in the value of its investments in subsidiaries.

Impairment testing

The Group determines whether goodwill or intangible assets with indefinite useful lives are impaired, at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units (CGUs) to which these items are allocated. The recoverable amount has been determined based on value-in-use calculations.

The management used the following approach to determine values to be assigned to the following key assumptions, in the value in use calculations:

Key assumption	Basis used to determine value to be assigned to key assumption
Projections' period	Financial budget approved by management covering a five-year period.
Growth rate	Increase in competition expected but no significant change in market share of any CGU as a result of ongoing service quality improvements and expected growth from technology and license upgrades. The growth rates are consistent with forecasts included in industry and country reports. Compounded annual growth in revenue of up to 6.2% (2020: 10.4%) for Canary and 4.7% (2020: 7.5%) for Manarat during the projected five-year period. Value assigned reflects past experience and changes in economic environment. Cash flows beyond the five-year period have been extrapolated using a growth rate of up to 1.5% (2020: 1.5%) for Canary and 1.5% (2020: 1.5%) for Manarat. This growth rate does not exceed the long-term average growth rate of the market in which the CGU operates.

Key assumption	**Basis used to determine value to be assigned to key assumption**
Projections' period	Financial budget approved by management covering a five-year period.
Discount rate	Discount rates of 8.9% (2020: 8.4%) for Canary, and 11.2% (2020: 10.7%) for Manarat. Discount rates reflect specific risks relating to the relevant CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors results in any of the goodwill allocated to appropriate cash generating units being impaired.

12. LEASE LIABILITIES

	Kuwaiti Dinars	
	2021	**2020**
As at 1 January	**541,124**	1,038,138
Additions	**1,692,911**	-
Finance costs	**77,639**	49,267
Payments	**(386,827)**	(436,326)
Reversal due to lease cancellation	-	(109,955)
As at 31 December	**1,924,847**	541,124

The Group does not have any lease contracts that contains variable lease payments not included in the measurement of lease liabilities.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are continuously monitored by the Group.

13. SHARE CAPITAL, MERGER, RESERVES AND DIRECTORS' REMUNERATION

a) Share capital and merger with Al Aman Investment Company

The authorised, issued and fully paid up share capital of the Parent Company is KD 45,000,000 (2020: KD 55,500,000) comprising of 450,000,000 shares (2020: 550,000,000) 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.

In March 2020, the merger between the Parent Company and Al Aman Investment Company KSCP (Al Aman), a subsidiary, was completed with a share swap ratio of 1.40252722315358 shares of the Parent Company for 1 share of Al Aman, and the Parent Company issued 105,000,000 shares of 100 fils each to the shareholders of Al Aman to acquire the non-controlling interests.

b) Statutory reserve

In accordance with the Parent Company's articles of association, 10% of the profit for the year before directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat, amounting to KD 402,772, has been transferred to the statutory reserve (2020: No transfer has been made to statutory reserve, since losses was incurred during the year).

The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid-up share capital. Distribution of this reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

c) Directors' remuneration

No Directors' remuneration was recommended for the year 2021 (2020: Nil).

14. INCOME (LOSS) FROM COMMERCIAL ACTIVITIES

	Kuwaiti Dinars					
	Food sector		**Education sector**		**Total**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue from operations	**1,555,523**	1,204,350	**907,254**	201,343	**2,462,777**	1,405,693
Cost of operation	**(1,852,120)**	(1,507,782)	**(882,299)**	(496,205)	**(2,734,419)**	(2,003,987)
Gross loss from commercial activities	**(296,597)**	(303,432)	**24,955**	(294,862)	**(271,642)**	(598,294)

15. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and executive officers of the Group, 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 balances and transactions consist of the following:

	Kuwaiti Dinars	
	2021	**2020**
Management fee income	21,649	13,866
Key management compensation:		
Salaries and other short term benefits	**454,875**	366,334
Employees' end of services	**20,780**	51,318
	475,655	417,652

16. SEGMENTAL INFORMATION

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 collective investment schemes, and providing advisory services.
Commercial activities	:	Commercial activities include food and education sectors.

	Proprietary investment management		Asset management, advisory and consulting		Food sector		Education sector		**Total**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Segment revenue	**626,276**	653,726	**5,881,759**	1,551,233	**1,555,523**	1,204,350	**907,254**	201,343	**8,970,812**	3,610,652
Segment results	**(1,358,355)**	(791,031)	**5,220,216**	1,069,647	**(296,597)**	(303,432)	**24,955**	(294,862)	**3,590,219**	(319,678)
Share in results of associates and a Joint venture	**836,130**	168,331	-	-	-	-	**(270,507)**	(252,872)	**565,623**	(84,541)
Impairment of goodwill	-	(7,425,000)	-	-	-	(100,000)	-	(100,000)	-	(7,625,000)
Amortisation of intangibles	-	-	**(200,000)**	(238,380)	-	-	-	-	**(200,000)**	(238,380)
Finance cost on lease liabilities	**(20,299)**	(3,255)	-	-	-	-	-	-	**(20,299)**	(3,255)
NLST and Zakat	**(114,514)**	-	-	-	-	-	-	-	**(114,514)**	-
Profit / (loss) for the year									**3,821,029**	(8,270,854)
Assets:										
Segment assets	**6,307,073**	8,884,377	**554,171**	444,723	**1,100,128**	423,759	**1,071,101**	556,570	**9,032,473**	10,309,429
Investment in associates and a Joint venture	**25,610,726**	25,273,157	-	-	-	-	**1,249,058**	1,519,565	**26,859,784**	26,792,722
Others	**11,926,597**	5,401,481	**3,400,000**	3,600,000	**42,132**	306,740	**341,502**	107,466	**15,710,231**	9,415,687
	43,844,396	39,559,015	**3,954,171**	4,044,723	**1,142,260**	730,499	**2,661,661**	2,183,601	**51,602,488**	46,517,838
Liabilities:										
Account payable and accruals	**2,694,344**	2,452,786	**12,407**	-	**551,455**	537,897	**483,434**	203,226	**3,741,640**	3,193,909
Lease liabilities	**379,785**	-	-	-	**666,542**	156,285	**878,520**	384,839	**1,924,847**	541,124
Employees' end of service benefits	**859,417**	823,672	-	-	**150,329**	148,886	**93,720**	77,289	**1,103,466**	1,049,847
	3,933,546	3,276,458	**12,407**	-	**1,368,326**	843,068	**1,455,674**	665,354	**6,769,953**	4,784,880
Other segmental information:										
Capital expenditure	-	-	-	-	**271,288**	21,688	**91,743**	-	**363,031**	21,688
Depreciation	**90,000**	472,151	-	-	**49,684**	37,751	**68,373**	61,326	**208,057**	571,228

Revenue of the asset management and advisory services includes incentive fees amounting to KD 3,927,590 (31 December 2020: Nil) that arises mostly in the first quarter, as it is based on 31 March year end annual performance of the assets managed under the fiduciary activities.

17. FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities as defined in Note 2.

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value.

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

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation techniques and Key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
	31 December 2021	**31 December 2020**				
Investment securities at fair value through profit or loss						
Quoted equity securities	**1,788,636**	1,769,934	Level 1	Last bid price/unit price	N/A	N/A
Unquoted equity securities	**1,305,730**	2,176,004	Level 3	Adjusted net asset value	Discount for lack of marketability	Lower discount rate, results in higher fair value
Unquoted debt securities	**2,856,210**	2,889,880	Level 3	Discounted cash flows	Projected cash flows	The higher the market risk, the lower the fair value
Investment securities at fair value through other comprehensive income						
Unquoted equity securities	**2,131,982**	2,579,827	Level 3	Adjusted price/ book multiples	Adjusted book value	The higher the market risk, the lower the fair value
	8,082,558	9,415,645				

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 2021	Gain recorded in the consolidated statement of income	Loss recorded in other comprehensive income	Net purchases, sales and settlements	As at 31 December 2021
Financial assets at fair value					
Unquoted equity securities and debt securities	**7,645,711**	**67,085**	**(447,845)**	**(971,029)**	**6,293,922**

	Kuwaiti Dinars				
	As at 1 January 2020	Gain recorded in the consolidated statement of income	Loss recorded in other Comprehensive income	Net purchases, sales and settlements	As at 31 December 2020
Financial assets at fair value					
Unquoted equity securities	6,592,534	862,183	(1,306,657)	1,497,651	7,645,711

During the year, there have been no transfers between the hierarchies.

Description of significant unobservable inputs to valuation of financial assets:

Local unquoted securities represent unlisted securities on local stock exchange. Unquoted equity securities are valued based on net book value method using latest available financial statement of the investee entity, wherein the underlying assets are fair valued, or based on last traded prices, adjusted for impairment losses, if any.

18. RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. Market risk is subdivided into profit rate risk, currency risk and equity price risk. The Group is also subject to operational risk. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process.

18.1 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of financing activities.

Maximum exposure to credit risk and risk concentration

With respect to credit risk arising from the financial assets of the Group, which comprise bank balances and cash, short-term murabaha investments, murabaha receivables and certain accounts receivable, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of contractual financial instruments. Where financial instruments are recorded at fair value, it represents the current maximum credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The Group's bank balances and short-term murabaha investments are held with high credit quality banks and financial institutions. In addition, murabaha receivables and receivable balances are monitored on an ongoing basis.

As a result, the Group's exposure to bad debts is not significant.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The table below shows the maximum exposure to credit risk and risk concentration for the contractual financial instruments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements or credit enhancements:

	Kuwaiti Dinars	
	Gross maximum exposure	
	2021	**2020**
Bank balances and short-term murabaha investments:		
- Local banks and financial institutions	**7,523,900**	2,525,991
- Accounts receivable	**886,306**	846,109
- ECL	**(17,455)**	(17,455)
	8,392,751	3,354,645

The bank balances and short-term murabaha investments are from counter parties who are under investment grade credit rating.

Collateral and other credit enhancements

The Group does not have any collateral or other credit enhancements against any of the financial assets at 31 December 2021 and 31 December 2020.

18.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in short-term murabaha or other investments that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.
The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future profit payments over the life of these financial liabilities. The liquidity profile of financial liabilities at 31 December is as follows:

31 December 2021	Kuwaiti Dinars				
	Within 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
Accounts payable and accruals	**-**	**691,104**	**2,446,038**	**360,630**	**3,497,772**
Lease liabilities	**53,407**	**44,968**	**281,871**	**1,935,474**	**2,315,720**
Total financial liabilities	**53,407**	**736,072**	**2,727,909**	**2,296,104**	**5,813,492**

31 December 2020	Kuwaiti Dinars				
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Accounts payable and accruals	-	279,920	2,458,665	349,378	3,087,963
Lease liabilities	24,688	49,376	219,882	626,764	920,710
Total financial liabilities	24,688	329,296	2,678,547	976,142	4,008,673

18.3 MARKET RISK

Market risk is the risk that the value of a financial asset will fluctuate as a result of changes in market variables such as profit rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration as disclosed in Note 18.4, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

18.3.1 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is not exposed to profit rate risk on its profit bearing assets and liabilities (short-term murabaha investments) as a result of reasonably possible changes in profit rates since the Group is not exposed to any fixed rate profit bearing assets and liabilities.

18.3.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk is managed by the Group on the basis of determined limits and a continuous assessment of the Group's open positions and current and expected exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations, and consequently the Group does not hedge foreign currency exposures.

The effect on profit for the year (due to change in the fair value of monetary assets and liabilities) and on equity, as a result of change in currency rate, with all other variables held constant is shown below:

	Change in currency rate by 3%			
	31 December 2021		31 December 2020	
Currency	**Effect on profit for the year**	**Effect on other comprehensive income**	Effect on profit for the year	Effect on other comprehensive income
GBP	**87,029**	**657,463**	88,254	652,853
USD	**50,489**	**33,690**	85,207	32,820
SAR	**6**	**65,885**	5,215	64,672

18.3.3 Equity price risk

Equity price risk arises from changes in the fair values of equity investments. The equity price risk exposure arises from the Group's investment portfolio. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Group's quoted investments are listed on the Stock Exchanges of the GCC countries.

The effect on profit for the year (as a result of a change in the fair value of financial assets at fair value through profit or loss) and on equity (as a result of a change in the fair value of financial assets carried at fair value through other comprehensive income) due to a reasonably possible change in active market indices, with all other variables held constant is as follows:

	Change in equity market index by 3%			
	31 December 2021		**31 December 2020**	
Market index	Effect on profit for the year	Effect on other comprehensive income	Effect on profit for the year	Effect on other comprehensive income
Kuwait	**52,473**	-	39,818	-
UAE	-	-	2,471	-
Saudi	-	-	5,201	-
Qatar	**1,186**	-	1,262	-

18.3.4 Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The Group is not significantly exposed to prepayment risk.

18.4 ASSET CONCENTRATIONS

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The distribution of assets by geographic region is as follows:

	Kuwaiti Dinars	
	2021	2020
Geographic region		
Kuwait	**21,839,752**	15,818,340
United Kingdom	**21,960,173**	21,813,668
United States of America	**4,839,639**	5,528,107
GCC	**2,962,924**	3,357,723
	51,602,488	46,517,838

The distribution of investments by industry sector is as follows:

	Kuwaiti Dinars	
	2021	**2020**
Industry sector		
Banks and financial and investment institutions	**25,043,668**	24,923,677
Real estate	**6,015,027**	7,078,237
Services	**1,879,639**	1,831,938
Education	**1,249,058**	1,519,565
Insurance	**754,950**	854,950
	34,942,342	36,208,367

19. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets at fair value through profit or loss, and at fair value through other comprehensive income is based on management's estimate of liquidation of those investments.

The maturity profile of assets and liabilities at 31 December was as follows:

2021	Kuwaiti Dinars		
	Up to 1 year	**Over 1 year**	**Total**
Assets:			
Bank balances and cash	**6,523,900**	**-**	**6,523,900**
Short-term murabaha investments	**1,000,000**	**-**	**1,000,000**
Accounts receivable and prepayments	**949,915**	**-**	**949,915**
Financial assets at fair value through profit or loss	**1,788,636**	**4,161,940**	**5,950,576**
Financial assets at fair value through other comprehensive income	**-**	**2,131,982**	**2,131,982**
Investment in associates and a joint venture	**-**	**26,859,784**	**26,859,784**
Right of use assets	**-**	**1,865,462**	**1,865,462**
Furniture and equipment	**-**	**520,869**	**520,869**
Intangible assets	**-**	**3,400,000**	**3,400,000**
Goodwill	**-**	**2,400,000**	**2,400,000**
Total assets	**10,262,451**	**41,340,037**	**51,602,488**
Liabilities:			
Accounts payable and accruals	**3,501,627**	**240,013**	**3,741,640**
Lease liabilities	**1,924,847**	**-**	**1,924,847**
Employees' end of service benefits	**-**	**1,103,466**	**1,103,466**
Total liabilities	**5,426,474**	**1,343,479**	**6,769,953**
LIQUIDITY SURPLUS	**4,835,977**	**39,996,558**	**44,832,535**

2020	Kuwaiti Dinars		
	Up to 1 year	Over 1 year	Total
Assets:			
Bank balances and cash	2,525,991	-	2,525,991
Accounts receivable and prepayments	893,784	-	893,784
Financial assets at fair value through profit or loss	1,769,934	5,065,884	6,835,818
Financial assets at fair value through other comprehensive income	-	2,579,827	2,579,827
Investment in associates and a joint venture	-	26,792,722	26,792,722
Right of use assets	-	505,746	505,746
Furniture and equipment	-	383,950	383,950
Intangible assets	-	3,600,000	3,600,000
Goodwill	-	2,400,000	2,400,000
Total assets	5,189,709	41,328,129	46,517,838
Liabilities:			
Accounts payable and accruals	2,932,683	261,226	3,193,909
Lease liabilities	541,124	-	541,124
Employees' end of service benefits	-	1,049,847	1,049,847
Total liabilities	3,473,807	1,311,073	4,784,880
LIQUIDITY SURPLUS	1,715,902	40,017,056	41,732,958

20. FIDUCIARY ASSETS

The Group manages investment portfolios on behalf of others. The balances of these portfolios are not presented in the Group's financial position.

	Kuwaiti Dinars	
	2021	**2020**
Investment portfolios managed on behalf of others	**302,287,781**	249,432,754
Funds managed on behalf of others	**1,700,862**	2,015,679
Foreign collective investment schemes managed on behalf of others	**15,314,407**	15,710,153
	319,303,050	267,158,586

Management and Advisory fees from fiduciary activities

	Kuwaiti Dinars	
	2021	**2020**
Basic management fees – portfolios	**1,787,342**	1,440,710
Basic management fees – funds	**6,000**	46,704
Incentive management fees	**3,927,590**	-
Total management fees	**5,720,932**	1,487,414
Advisory fees – foreign collective investment schemes	**160,827**	63,819

21. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	Kuwaiti Dinars	
	2021	**2020**
Guarantee provided for murabaha payable of a joint venture	**10,530,000**	10,530,000

In June 2019, the Joint Venture (see Note 9) obtained Shariah compliant bank facility and acquired 100% of the share capital of Dar Al Salam Educational Company WLL, for a total purchase consideration of KD 18,000,000, which includes a deferred payment of KD 4,500,000 subject to satisfaction of certain conditions.

For the murabaha payable availed by the joint venture, the joint venture partner and the Group, have given a joint and several guarantee to the lending local Shariah-compliant financial institution. Accordingly, the Group has recognized a provision for ECL on the full amount of murabaha payable guaranteed.

22. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may reduce the amount of borrowings, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020. The Group does not have an external bank borrowing as of 31 December 2021 and 31 December 2020.

23. 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 economy suffered significant consequences following the introduction of the first round of restrictive measures in March 2020 until now. In order to determine the effects of the COVID-19 pandemic on the group's operations, it is essential to consider the pre-pandemic situation before moving from the beginning of the pandemic to the present day. The availability of robust macroeconomic forecasts for the region is limited, which makes predictions regarding full recovery difficult. Nevertheless, existing data suggest that most industries will recover more slowly than the national macroeconomic average.

The sudden halt in food and education activities due to COVID-19 restriction measures, and the concomitant fall in investment, led to a decrease in sectoral economic performance in the region during 2020. Whilst the Oil and Gas sector is the main contributor to GDP in the region, but the group sectors are also contributors to GDP. However, the available data suggest that the sector quickly rebounded and did not exhibit a significant decline during 2021.

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 these consolidated financial statements and explained the changes related to the critical judgement and estimates for the year ended 31 December 2021. 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.

Critical judgements and estimates

Impairment of non-monetary assets

The Group has also considered any impairment indicators arising and any significant uncertainties around its equipment and concluded there is no material impact due to COVID-19.

Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

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 the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged. As a result, this the consolidated financial statements have been appropriately prepared on a going concern basis.