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

Consolidated Financial Statements and Independent Auditor's Report
31 December 2022

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

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 2022, 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 2022, 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 Ethics Standards Board for Accountants' *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.

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

Report on the Audit of the Consolidated Financial Statements (continued)

Impairment of investment in associates

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2022, the Group held investments in associates of KD 23,833,641 (2021: KD 25,610,726) in the consolidated financial statements which represents 48% (2021: 50%) of the total assets. Investments in associates are accounted for under the equity method of accounting and are considered for impairment due to uncertainty in the current economic environment as a result of high interest rates and volatility in the capital market across the globe particularly in the banking sector. No impairment loss was recognised during the year (2021: nil). 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 global economic conditions such as the economic growth and expected inflation rates and yield. Accordingly, we consider this as a key audit matter. Refer to note 2 for the accounting policy relating to investments in associates and note 10 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. • 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 2022. 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 2022 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.

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Report on the Audit of the Consolidated Financial Statements (continued)

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

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

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.

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Report on the Audit of the Consolidated Financial Statements (continued)

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

- 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.

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, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2022 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, as amended, during the year ended 31 December 2022 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 2023

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

Consolidated Statement of Income - For the year ended 31 December 2022

	Notes	Kuwaiti Dinars 2022	Kuwaiti Dinars 2021
INCOME			
From advisory and investment activities			
Management fee income	23	**3,017,239**	5,720,932
Advisory fee income	23	**1,183,656**	160,827
Dividend income		**271,752**	313,186
Realised gain on sale of financial assets at fair value through profit and loss	8	**1,031,094**	157,837
Unrealised gain on financial assets at fair value through profit or loss	8	**175,029**	141,217
Income from advisory and investment activities		**5,678,770**	6,493,999
From commercial food activities			
Sales of goods and services		**1,745,170**	1,555,523
Operating costs		**(2,144,340)**	(1,829,237)
Operating loss from commercial food activities		**(399,170)**	(273,714)
Other income		**139,595**	14,036
Total income		**5,419,195**	6,234,321
EXPENSES			
Staff costs		**2,002,787**	1,947,334
General and administrative expenses		**769,897**	496,624
Depreciation		**115,925**	202,216
Total expenses		**2,888,609**	2,646,174
Profit before share of results, amortisation, finance cost and taxation		**2,530,586**	3,588,147
Share in results of associates	10	**866,206**	836,130
Share in results of a joint venture	11	**(356,897)**	(270,507)
Impairment of goodwill	13	**(500,000)**	-
Amortisation of intangibles	13	**(354,529)**	(200,000)
Profit on Murabaha payable	15	**(29,151)**	-
Profit on lease liabilities	16	**(56,546)**	(43,182)
Profit before tax for the year		**2,099,669**	3,910,588
Contribution to KFAS		**(21,386)**	-
National Labor Support Tax		**(57,803)**	(79,548)
Zakat		**(25,169)**	(34,966)
Profit for the year from continuing operations		**1,995,311**	3,796,074
Profit for the year from discontinued operations	4	**209,487**	24,955
Profit for the year		**2,204,798**	3,821,029
Attributable to:			
Equity holders of the Parent Company		**2,348,260**	3,913,202
Non-controlling interests		**(143,462)**	(92,173)
		2,204,798	3,821,029
Basic and diluted earnings per share attributable to equity holders of the Parent Company	5	**5.4 Fils**	8.7 Fils
Basic and diluted earnings per share attributable to the equity holders of the Parent Company from continuing operations	5	**5.0 Fils**	8.7 Fils

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

Consolidated Statement of Comprehensive Income - For the year ended 31 December 2022

	Notes	Kuwaiti Dinars 2022	2021
Profit for the year		**2,204,798**	3,821,029
Other comprehensive loss			
Items that will be reclassified to consolidated statement of income			
Foreign currency translation adjustment		**(2,639,441)**	(180,686)
Share in a reserve of an associate	10	**(1,829,103)**	-
Items that will not be reclassified to consolidated statement of income			
Cumulative changes in fair value of investments at fair value through other comprehensive income		**(372,032)**	(447,845)
Gain on sale of Investments at fair value through other comprehensive income	9	**200,000**	-
Share in cumulative changes in fair value of investments at fair value through other comprehensive income of associates	10	**(137,217)**	7,079
Other comprehensive loss for the year		**(4,777,793)**	(621,452)
Total comprehensive (loss) income for the year		**(2,572,995)**	3,199,577
Attributable to:			
Equity holders of the Parent Company		**(2,429,533)**	3,291,750
Non-controlling interests		**(143,462)**	(92,173)
		(2,572,995)	3,199,577

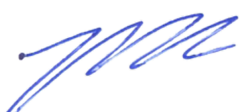
The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position as at 31 December 2022

	Notes	Kuwaiti Dinars 2022	2021
ASSETS			
Cash and cash equivalents	6	**5,338,767**	7,523,900
Accounts receivable and prepayments	7	**4,713,484**	949,915
Investments at fair value through profit or loss	8	**5,782,418**	5,950,576
Investments at fair value through other comprehensive income	9	**200,000**	2,131,982
Investment in associates	10	**23,833,641**	25,610,726
Investment in a joint venture	11	**892,161**	1,249,058
Right of use assets	12	**1,011,359**	1,865,462
Furniture and equipment		**372,012**	520,869
Intangible assets	13	**4,000,000**	3,400,000
Goodwill	13	**1,000,000**	2,400,000
Assets held for sale / associated with discontinued operations	4	**2,963,177**	-
TOTAL ASSETS		**50,107,019**	51,602,488
LIABILITIES			
Accounts payable and accruals	14	**3,316,024**	3,406,140
Murabaha payable	15	**3,500,000**	-
Lease liabilities	16	**1,059,709**	1,924,847
Employees' end of service benefits		**1,513,249**	1,103,466
Liabilities held for sale / associated with discontinued operations	4	**1,671,761**	-
TOTAL LIABILITIES		**11,060,743**	6,434,453
EQUITY			
Share capital	17 a	**42,500,000**	45,000,000
Statutory reserve	17 b	**648,034**	402,772
Foreign currency translation reserve		**(5,281,228)**	(2,641,787)
Cumulative changes in equity of associates		**(2,552,461)**	(586,141)
Treasury shares	17 d	**(1,023,583)**	-
Retained earnings		**4,945,707**	3,012,585
Equity attributable to equity holders of the Parent Company		**39,236,469**	45,187,429
Non-controlling interests		**(190,193)**	(19,394)
TOTAL EQUITY		**39,046,276**	45,168,035
TOTAL LIABILITIES AND EQUITY		**50,107,019**	51,602,488

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 2022

	Notes	Kuwaiti Dinars 2022	2021
OPERATING ACTIVITIES			
Profit for the year from continuing operations		**1,995,311**	3,796,074
Profit for the year from discontinued operations		**209,487**	24,955
Adjustments for:			
Realised gain on sale of financial assets at fair value through profit or loss		**(1,031,094)**	(157,837)
Dividend income		**(271,752)**	(313,186)
Unrealised gain on financial assets at fair value through profit or loss	8	**(175,029)**	(141,217)
Share in results of associates	10	**(866,206)**	(836,130)
Share in results of a joint venture	11	**356,897**	270,507
Impairment of goodwill	13	**500,000**	-
Amortisation of intangibles	13	**354,529**	200,000
Depreciation		**382,608**	349,759
Profit on Murabaha payable and lease liabilities		**85,697**	43,182
Provision for employees' end of service benefits		**218,771**	134,662
		1,759,219	3,370,769
Change in operating assets and liabilities:			
Accounts receivable and prepayments		**(838,921)**	148,600
Financial assets at fair value through profit or loss		**1,736,689**	1,184,296
Accounts payable and accruals		**429,058**	34,087
		3,086,045	4,737,752
Employees' end of service benefits paid		**(68,124)**	(97,474)
Net cash from discontinued operations		**359,276**	469,349
Net cash flows from operating activities		**3,377,197**	5,109,627
INVESTING ACTIVITIES			
Proceeds from sale of investments at fair value through other comprehensive income		**759,950**	-
Capital reduction and dividend received from associates	10	**781,405**	324,954
Purchase of a subsidiary, net of cash balances acquired	3 ، 13	**(5,884,463)**	-
Dividend income received		**271,752**	313,186
Purchase of furniture and equipment		**(64,806)**	(271,288)
Net cash used in discontinued operations		**(189,459)**	(91,743)
Net cash flows (used in)/from investing activities		**(4,325,621)**	275,109
FINANCING ACTIVITIES			
Payment of share capital reduction	17 a	**(2,500,000)**	-
Net Purchase of treasury shares	17 d	**(1,021,427)**	-
Payment of lease liabilities	16	**(315,074)**	(175,120)
Receipt of Murabaha payable	15	**3,500,000**	-
Profit on Murabaha payable and lease liabilities paid		**(85,697)**	(43,182)
Net cash used in discontinued operations		**(302,538)**	(168,525)
Net cash flows used in financing activities		**(724,736)**	(386,827)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,673,160)**	4,997,909
Net foreign exchange difference		**(93,705)**	-
Cash disposed of on reclassification of a subsidiary	4	**(418,268)**	-
Cash and cash equivalents at 1 January		**7,523,900**	2,525,991
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	6	**5,338,767**	7,523,900

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 Changes in Equity – For the year ended 31 December 2022

	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**	**Treasury shares**	**Retained earnings/ accumulated loss**	**Sub total**		
Balance as at 1 January 2021	55,500,000	101,480	-	(2,461,101)	(593,220)	-	(10,601,480)	41,945,679	22,779	41,968,458
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)/income for the year	-	-	(447,845)	(180,686)	7,079	-	3,913,202	3,291,750	(92,173)	3,199,577
Transfer to statutory reserve (Note 17 b)	-	402,772	-	-	-	-	(402,772)	-	-	-
Transfer of reserve	-	-	447,845	-	-	-	(447,845)	-	-	-
Share capital restructuring (Note 17 a)	(10,500,000)	(101,480)	-	-	-	-	10,601,480	-	-	-
Sale of interest in a subsidiary to non-controlling interests (Note 3)	-	-	-	-	-	-	(50,000)	(50,000)	50,000	-
As at 31 December 2021	45,000,000	402,772	-	(2,641,787)	(586,141)	-	3,012,585	45,187,429	(19,394)	45,168,035
Balance as at 1 January 2022	**45,000,000**	**402,772**	**-**	**(2,641,787)**	**(586,141)**	**-**	**3,012,585**	**45,187,429**	**(19,394)**	**45,168,035**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,348,260**	**2,348,260**	**(143,462)**	**2,204,798**
Other comprehensive (loss)/income	**-**	**-**	**(372,032)**	**(2,639,441)**	**(1,966,320)**	**-**	**200,000**	**(4,777,793)**	**-**	**(4,777,793)**
Total comprehensive (loss)/income for the year	**--**	**-**	**(372,032)**	**(2,639,441)**	**(1,966,320)**	**-**	**2,548,260**	**(2,429,533)**	**(143,462)**	**(2,572,995)**
Transfer to statutory reserve (Note 17 b)	**-**	**245,262**	**-**	**-**	**-**	**-**	**(245,262)**	**-**	**-**	**-**
Transfer of reserve	**-**	**-**	**372,032**	**-**	**-**	**-**	**(372,032)**	**-**	**-**	**-**
Share capital reduction (Note 17 a)	**(2,500,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,500,000)**	**-**	**(2,500,000)**
Net purchase of treasury shares (Note 17 d)	**-**	**-**	**-**	**-**	**-**	**(1,023,583)**	**2,156**	**(1,021,427)**		**(1,021,427)**
Purchase of interest in a subsidiary from non-controlling interests (Note 3)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,000)**	**(25,000)**
Movement on non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,337)**	**(2,337)**
As at 31 December 2022	**42,500,000**	**648,034**	**-**	**(5,281,228)**	**(2,552,461)**	**(1,023,583)**	**4,945,707**	**39,236,469**	**(190,193)**	**39,046,276**

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 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 30 March 2023. 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 consolidated financial statements are consistent with those used in the previous year except for the following new and amended IASB Standards during the year:

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 April 2021

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	*Amendments to IFRS 3, 'Business combinations'* update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date *Amendments to IAS 16, 'Property, plant and equipment'* prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income. *Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'- Cost of Fulfilling a Contract* The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). *Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.*	Annual periods beginning on or after 1 January 2022.

2.3 New standards not yet effective

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

Standard, interpretation, amendments	**Description**	**Effective date**
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024

	The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.	
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies	The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	Annual periods beginning on or after 1 January 2023
Narrow scope amendments to IAS 1, IFRS Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts	The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.	Annual periods beginning on or after 1 January 2023.

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements in the period of initial application and adoption of these new standards, interpretations and amendments will not have any material impact on the financial statements of the Group in the period of initial application.

2.4 Business combination

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 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of income.

2.15 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.

2.16 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.

2.17 Treasury shares

The cost of the Parent Company's own shares purchased, including directly attributable costs, is classified under equity. Gains or losses arising on sale are separately disclosed under shareholders' equity and these amounts are not available for distribution. These shares are not entitled to cash dividends. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.18 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) 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.

2.19 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 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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**	
		2022	**2021**
Gatehouse Capital Economic and Financial Consultancy K.S.C.C. ("Gatehouse Capital")	Kuwait	**99.9%**	-
Juzur Canary Restaurant Company W.L.L. ("Canary")	Kuwait	**70.0%**	70.0%
Al Zad Financial and Economical Consultancy K.S.C.(Closed) ("Al Zad")	Kuwait	**80.0%**	80.0%
Securities House for Real Estate Services K.S.C.(Closed)	Kuwait	**99.9%**	99.9%
Silverstone Capital Ltd.	Cayman Islands	**100.0%**	100.0%
Manarat Educational Services Company W.L.L. ("Manarat")	Kuwait	**-**	80.0%
Saji Real Estate Company K.S.C. (Closed)	Kuwait	**-**	90.0%
Held through Gatehouse Capital			
Blue Pillar Advisory Ltd.	Cayman Islands	**100.0%**	-
GSH USA Inc.	United States	**100.0%**	-
Held through Silverstone Capital Ltd.			
Greystone Capital Inc.	United States	**100.0%**	100.0%

In November 2022, the Parent Company acquired 99.9% of the issued share capital of Gatehouse Capital for a total consideration of KD 8,000,000. Details of this transaction are disclosed in Note 13.

In November 2022, the Parent Company acquired additional 19.0% interest in Manarat for a cash consideration of KD 200,000 which resulted in net movement on non-controlling interests amounting to KD 25,000. In November 2022, it also agreed to sell its entire interest in Manarat for a consideration of KD 2,700,000, which is expected to be completed in 2023 and accordingly, the investment in Manarat ceased to be a subsidiary and has been reclassified as held for sale asset. Details of this transaction are disclosed in Note 4.

During the current year, Saji Real Estate Company was liquidated.

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

4. DISCONTINUED OPERATIONS

In November 2022, the Parent Company's board of directors approved the sale of its subsidiary, Manarat Educational Services Company W.L.L. ("Manarat") to a locally licensed collective investment scheme.

The sale is expected to be completed in 2023 and accordingly, the investment in Manarat has been reclassified as held for sale asset as of 31 December 2022.

The results of the Manarat classified as a held for sale subsidiary are as presented below:

	Kuwaiti Dinars	
	2022	**2021**
Revenues	**1,431,054**	907,254
Operating costs	**(1,163,845)**	(847,842)
Profit on lease liabilities	**(57,722)**	(34,457)
Profit for the year from discontinued operations	**209,487**	24,955
Attributable to:		
Equity holders of the Parent Company (Note 5)	**185,873**	19,652
Non-controlling interests	**23,614**	5,303
Profit for the year from discontinued operations	**209,487**	24,955
Basic and diluted earnings per share from discontinued operations attributable to the equity holders of the Parent Company	**0.4 fils**	Nil

The net cash flows attributable to discontinued operations as of the date of classification are shown in the statement of cash flows.

The net assets of Manarat on the date of classification as an asset held for sale were as follows:

	Kuwaiti Dinars
	2022
Assets	
Bank balances and cash	**418,268**
Accounts receivable and prepayments	**121,984**
Right of use assets	1,085,559
Furniture and equipment	**262,366**
Goodwill	**1,075,000**
Total assets	**2,963,177**
Liabilities	
Accounts payable and accruals	**418,477**
Lease liabilities	**1,128,888**
Employees' end of service benefits	**124,396**
Total liabilities	**1,671,761**
Non-controlling interests	**-**
Net assets classified as held for sale	**1,291,416**

5. BASIC AND DILUTED EARNINGS PER SHARE

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

	Kuwaiti Dinars	
	2022	**2021**
Profit for the year attributable to equity holders of the Parent Company	**2,348,260**	3,913,202
	Shares	
Weighted average number of shares outstanding for the year	**435,597,617**	450,000,000
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	**5.4 Fils**	8.7 Fils

Basic and diluted earnings per share from continuing operations

	Kuwaiti Dinars	
	2022	**2021**
Profit for the year attributable to equity holders of the Parent Company	**2,348,260**	3,913,202
Less:		
Profit for the year attributable to equity holders of the Parent Company from discontinued operations (Note 4)	**185,873**	19,652
Profit for the year attributable to equity holders of the Parent Company from discontinued operations	**2,162,387**	3,893,550
	Shares	
Weighted average number of shares outstanding for the year	**435,597,617**	450,000,000
Basic and diluted earnings per share attributable to the equity holders of the Parent Company from continuing operations	**5.0 Fils**	8.7 Fils

6. 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	
	2022	**2021**
Bank balances and cash	**5,338,767**	6,523,684
Balances with custodians	**-**	216
Short-term murabaha investments with original maturities up to three months	**-**	1,000,000
	5,338,767	7,523,900

Short-term murabaha investments carry an effective average profit rate of Nil % (2021: 1.2%) per annum.

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Kuwaiti Dinars	
	2022	**2021**
Accrued income	**646,864**	554,171
Receivable from sale of investments (see below)	**3,159,866**	-
Due from a joint venture	**250,000**	-
Prepayments and other receivables	**656,754**	395,744
	4,713,484	949,915

The amount receivable from sale of investments represents the balance due on the sale of an investment by a subsidiary in 2022. The amount is receivable in seven annual instalments until 2028 and is guaranteed by the purchaser's pledge of its interest in the investment in favour of the subsidiary company. During the current year, the first instalment was received. The second instalment has been received in early March 2023.

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Kuwaiti Dinars	
	2022	**2021**
Held for trading		
Quoted equity securities	**1,494,564**	**1,788,636**
Designated upon initial recognition		
Unquoted local equity securities	**11,250**	**51,875**
Unquoted foreign equity securities	**4,276,604**	**1,253,855**
Unquoted debt securities (see below)	**-**	**2,856,210**
	5,782,418	**5,950,576**

During the year, the Group had a realised gain on quoted equity investments amounting to KD 285,987 (2021: KD 127,631), a realised gain on unquoted equity investments amounting to KD 984,367 (2021: KD 30,206) and a realised loss on unquoted debt investments amounting to KD 239,260 (2021: KD Nil).

During the year, the Group had an unrealised gain on quoted equity investments amounting to KD 160,265 (2021: KD 104,335), an unrealised gain on unquoted equity investments amounting to KD 14,764 (2021: KD 70,552) and an unrealised loss on unquoted debt investments amounting to KD Nil (2021: KD 33,670).

The unquoted debt securities above represent an investment in a convertible Murabaha facility issued by an associate, Gatehouse Financial Group Limited. During the current year, the Group redeemed 40% of this investment in cash and converted the 60% balance into shares in the capital of the above associate as disclosed in Note 10.

9. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Kuwaiti Dinars	
	2022	**2021**
Unquoted local equity securities (see below)	**200,000**	1,100,000
Unquoted foreign equity securities	**-**	1,031,982
	200,000	2,131,982

During the year, the Group had an unrealised loss on unquoted equity investments amounting to KD 172,032 (2021: KD 447,845).

Unquoted local equity securities at 31 December 2021 included an investment that was given as an in-kind consideration on the acquisition of Gatehouse Capital for Economic and Financial Consultancy K.S.C.C. (Note 13). This resulted in a gain of KD 200,000 which was included in the statement of other comprehensive income.

10. INVESTMENT IN ASSOCIATES

Details of the associates are shown below.

	Country of incorporation	**Percentage of ownership**	
		2022	**2021**
Gatehouse Financial Group Limited ("Gatehouse")	United Kingdom	**31.7%**	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	
	2022	**2021**
At the beginning of the year	**25,610,726**	25,273,157
Acquisitions (a)	**2,650,170**	-
Share in results (b)	**866,206**	836,130
Share in other comprehensive (loss) income	**(137,217)**	7,079
Share in acquisition reserve of an associate (c)	**(1,829,103)**	-
Foreign currency translation adjustment	**(2,545,736)**	(180,686)
Dividend received / capital reduction (d)	**(781,405)**	(324,954)
At the end of the year	**23,833,641**	25,610,726

a) During the year, and as a result of the acquisition of Gatehouse Capital for Economic and Financial Consultancy K.S.C.C. (Note 13), the Group owned an additional 2.0% interest in Gatehouse to become 30.6% of its issued share capital at an amount of KD 1,080,000 (equivalent to £3,123,798), representing 312,379,844 shares at a value of 1.0 pence per share.

   During the year, the Group increased its investment in Gatehouse further by 1.1% to become 31.7% of its issued share capital through the partial conversion of the Group's investment in Gatehouse's issued convertible Murabaha facility into shares in its capital at a value of KD 1,570,170 (equivalent to £4,200,000), representing 560,000,000 shares at the net asset value of 0.75 pence per share according to the terms of the Murabaha facility.

b) The Group's share in gain of Wareef Al Jubail of KD 55,398 and share in loss of Saudi Projects of KD 141,712, for the year are recognized based on the associates' unaudited management accounts.

c) This represents the Group's share in a reserve of Gatehouse as a result of exercising a put option given previously to the non-controlling interests to acquire their entire interests in a subsidiary.

d) During the year, the Group received an amount of KD 593,503 representing its share in the cash capital reduction of Saudi Projects.

At 31 December 2022, the Group performed an impairment test on its investment in associates which resulted in Nil impairment (2021: Nil) 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 2022	**Gatehouse**	**Wareef Al Jubail**	**Saudi Projects**	**Madrono**	**Total**
Current assets	**12,595,903**	**75,207**	**1,543,745**	**206,909**	
Non-current assets	**481,662,071**	**5,596,127**	**5,506,729**	**-**	
Current liabilities	**(433,301,556)**	**(50,318)**	**(2,276,242)**	**(1,835)**	
Non-current liabilities and non-controlling interests	**(22,560,107)**	**(885)**	**(2,055,435)**	**-**	
Net assets	**38,396,311**	**5,620,131**	**2,718,797**	**205,074**	
Revenues	**14,637,857**	**137,990**	**97,012**	**390,738**	
Profit / (loss) for the year	**2,826,994**	**78,313**	**(489,233)**	**326,804**	
Share of associates' net assets	**12,179,310**	**2,219,612**	**672,902**	**102,537**	**15,174,361**
Goodwill	**8,659,280**	**-**	**-**	**-**	**8,659,280**
Carrying amount of interest in associates	**20,838,590**	**2,219,612**	**672,902**	**102,537**	**23,833,641**

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

11. INVESTMENT IN A JOINT VENTURE

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

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 four schools in the State of Kuwait	Kuwait	50.0%

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

	Kuwaiti Dinars	
	2022	**2021**
At the beginning of the year	**1,249,058**	1,519,565
Share of results	**(356,897)**	(270,507)
At the end of the year	**892,161**	1,249,058

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

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

	Kuwaiti Dinars	
31 December	**2022**	**2021**
Current assets	**567,450**	1,426,098
Non-current assets	**20,866,183**	20,810,340
Current liabilities	**(5,647,549)**	(5,470,614)
Non-current liabilities	**(14,001,762)**	(14,267,708)
Net assets	**1,784,322**	2,498,116
Revenues	**3,435,404**	2,270,669
Loss for the period	**(714,793)**	(541,014)
Share of the joint venture's net assets	**892,161**	1,249,058
Carrying amount of interest in a joint venture	**892,161**	1,249,058

12. RIGHT OF USE ASSETS

	Kuwaiti Dinars	
	2022	**2021**
As at 1 January	1,865,462	505,746
Additions	861,911	1,734,834
Reversal due to lease cancellation	(42,369)	-
Depreciation - continuing operations	(324,773)	(206,343)
Depreciation - discontinued operations	(263,313)	(168,775)
Disposal related to discontinued operations	(1,085,559)	-
As at 31 December	**1,011,359**	**1,865,462**

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 208,848 (2021: 94,127) and allocated to the statement of income under direct expenses KD 115,925 (2021: 112,216).

13. INTANGIBLE ASSETS AND GOODWILL

	Kuwaiti Dinars	
	2022	**2021**
Intangible assets:		
Asset management agreements		
At beginning of the year	**3,400,000**	3,600,000
Addition on business combination (see below)	**954,529**	-
Amortisation for the year	**(354,529)**	(200,000)
At end of the year	**4,000,000**	3,400,000
Goodwill:		
At beginning of the year	**2,400,000**	2,400,000
Disposal related to discontinued operations	**(900,000)**	-
Impairment (see below)	**(500,000)**	-
At end of the year	**1,000,000**	2,400,000
Related to:		
Juzur Canary Restaurant Company W.L.L.	**1,000,000**	1,500,000
Manarat Educational Services Company W.L.L.	**-**	900,000
Total	**1,000,000**	2,400,000

Business Combination

Acquisition of Gatehouse Capital for Economic and Financial Consultancy K.S.C.C. ("Gatehouse Capital")

During the year, the Parent Company acquired 99.9% of the issued share capital of Gatehouse Capital from its associate, Gatehouse Financial Group Limited, for a total consideration of KD 8,000,000 comprising of cash consideration of KD 7,000,000 and an in-kind consideration representing an investment at fair value through other comprehensive income valued at KD 1,000,000 (Note 9).

The acquisition was based on the financial position of Gatehouse Capital as of 30 September 2022. As a result, the Group is deemed to have had control over Gatehouse Capital with effect from that date.

The provisional values assigned to the identifiable assets and liabilities as at the date of acquisition, which are subject to review within one year of acquisition on finalisation of the Purchase Price Allocation (PPA), are shown below:

	KD
Cash consideration	**7,000,000**
In kind consideration (Note 9)	**1,000,000**
Total Consideration	**8,000,000**
Less	
Recognised amounts of identifiable assets and liabilities acquired:	
Cash and cash equivalents	**1,315,537**
Accounts receivable and other assets	**3,683,162**
Investments	**3,012,578**
Accounts payable and other liabilities	**(612,950)**
Employees' end of service benefits	**(352,856)**
Total identifiable net assets	**7,045,471**
Intangible assets arising from business combination	**954,529**

The above Intangible assets are attributable to the future benefits of the acquired asset management agreements, which will be amortized over their useful finite lives. From the date of acquisition, Gatehouse Capital contributed revenues of KD 959,361 and profit for the period of KD 458,711 to the net results of the Group. If the acquisition had taken place on 1 January 2022, the Group revenue for the period would have been higher by KD 1,176,150 and the profit higher by KD 185,990.

The cash consideration paid in the acquisition, net of cash balances acquired amounted to KD 5,684,463.

Impairment testing

The Group determines whether goodwill 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.

At 31 December 2022, the Group performed an impairment test on its investments in subsidiaries which resulted in KD 500,000 impairment (2021: Nil) on Juzur Canary Restaurant Company W.L.L. The management believes that there is no objective evidence on circumstances that indicates any further impairment in the value of its investments in subsidiaries.

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 7.4% (2021: 6.2%) 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 1.5% (2021: 1.5%). 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 10.9% (2021: 8.9%). 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.

14. ACCOUNTS PAYABLE AND ACCRUALS

	Kuwaiti Dinars	
	2022	**2021**
Trade payables	**122,217**	199,963
Due to shareholders	**463,617**	400,021
Staff payables	**333,567**	241,234
KFAS and taxes	**63,760**	73,916
Accruals	**483,920**	434,628
Provisions and other payables	**1,848,943**	2,056,378
	3,316,024	3,406,140

15. MURABAHA PAYABLES

	Kuwaiti Dinars	
	2022	**2021**
Current	**-**	-
Non-current	**3,500,000**	-
	3,500,000	-

Murabaha payable represents the value of assets purchased on a deferred settlement basis.

The facility is unsecured and carries a profit rate of 5.0% per annum for the period from inception to 31 December 2022.

16. LEASE LIABILITIES

	Kuwaiti Dinars	
	2022	**2021**
As at 1 January	**1,924,847**	541,124
Additions	**873,845**	1,692,911
Profit on lease liabilities – continuing operations	**56,546**	43,182
Profit on lease liabilities – discontinued operations	**57,722**	34,457
Payments – continuing operations	**(315,074)**	(175,120)
Payments – discontinued operations	**(366,193)**	(211,707)
Reversal due to lease cancellation	**(43,096)**	-
Disposal related to discontinued operations	**(1,128,888)**	-
As at 31 December	**1,059,709**	1,924,847

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.

17. SHARE CAPITAL, RESERVES, DIRECTORS' REMUNERATION AND TREASURY SHARES

a) Share capital

The authorised, issued and fully paid up share capital of the Parent Company is KD 42,500,000 (2021: KD 45,000,000) comprising of 425,000,000 shares (2021: 450,000,000) of 100 fils each.

The Extraordinary General meeting of the Parent Company's shareholders held on 31 May 2022 resolved to reduce the authorized, issued and paid up share capital in cash by 25,000,000 shares of 100 fils per share amounting to KD 2,500,000.

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.

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 245,262 has been transferred to the statutory reserve (2021: KD 402,772).

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 2022 (2021: Nil).

d) Treasury shares

These shares were acquired based on an authorization granted to the Board of Directors by the shareholders and in accordance with Ministerial Decrees No. 10 of 1987 and No. 11 of 1988 and are carried at cost. Reserves equivalent to the cost of treasury shares held are not distributable.

	2022	2021
Number of treasury shares	**15,000,000**	-
Percentage of share capital	**3.5%**	-
Market value (Kuwaiti Dinars)	**1,066,500**	-
Cost (Kuwaiti Dinars)	**1,023,583**	-

18. 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	
	2022	2021
Management fee income	**18,357**	21,649
Key management compensation:		
Salaries and other short term benefits	**358,072**	454,875
Employees' end of services	**30,660**	20,780
	388,732	475,655

19. 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		Subtotal		Discontinued Operations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Segment revenue	**1,617,470**	626,276	**4,200,895**	5,881,759	**1,745,170**	1,555,523	-	-	**7,563,535**	8,063,558	**1,431,054**	907,254	**8,994,589**	8,970,812
Segment results	**(548,987)**	(1,357,980)	**3,478,743**	5,220,341	**(399,170)**	(273,714)	-	-	**2,530,586**	3,588,647	**267,209**	59,412	**2,797,795**	3,648,059
Share in results of associates and a Joint venture	**866,206**	836,130	-	-	-	-	**(356,897)**	(270,507)	**509,309**	565,623	-	-	**509,309**	565,623
Impairment of goodwill	-	-		-	**(500,000)**	-	-	-	**(500,000)**	-	-	-	**(500,000)**	-
Amortisation of intangibles	-	-	**(354,529)**	(200,000)	-	-	-	-	**(354,529)**	(200,000)	-	-	**(354,529)**	(200,000)
Profit on Murabaha payable and lease liabilities	**(48,422)**	(20,299)	**(4,977)**	-	**(32,298)**	(22,883)	-	-	**(85,697)**	(43,182)	**(57,722)**	(34,457)	**(143,419)**	(77,639)
KFAS, NLST and Zakat	**(104,358)**	(114,514)		-	-	-	-	-	**(104,358)**	(114,514)	-	-	**(104,358)**	(114,514)
Profit for the year									**1,995,311**	3,796,574	**209,487**	24,955	**2,204,798**	3,821,529
Assets:														
Segment assets	**7,644,774**	6,307,073	**646,864**	554,171	**934,355**	1,100,128	-	1,071,101	**9,225,993**	9,032,473	**1,469,909**	-	**10,695,902**	9,032,473
Investment in associates and a Joint venture	**23,833,641**	25,610,726	-	-	-	-	**892,161**	1,249,058	**24,725,802**	26,859,784	-	-	**24,725,802**	26,859,784
Others	**9,058,134**	11,026,597	**4,000,000**	3,400,000	**133,913**	42,132	-	1,241,502	**13,192,047**	15,710,231	**1,493,268**		**14,685,315**	15,710,231
	40,536,549	42,944,396	**4,646,864**	3,954,171	**1,068,268**	1,142,260	**892,161**	3,561,661	**47,143,842**	51,602,488	**2,963,177**	-	**50,107,019**	51,602,488
Liabilities:														
Account payable and accruals	**3,060,216**	2,706,751	**14,176**	-	**241,632**	315,955	-	383,434	**3,316,024**	3,406,140	**418,477**	-	**3,734,501**	3,406,140
Murabaha payable	**3,500,000**	-	-	-	-		-	-	**3,500,000**	-	-	-	**3,500,000**	-
Lease liabilities	**623,879**	379,785	-	-	**435,830**	666,542	-	878,520	**1,059,709**	1,924,847	**1,128,888**	-	**2,188,597**	1,924,847
Employees' end of service benefits	**1,350,174**	859,417	**235**	-	**162,840**	150,329	-	93,720	**1,513,249**	1,103,466	**124,396**	-	**1,637,645**	1,103,466
	8,534,269	3,945,953	**14,411**	-	**840,302**	1,132,826	-	1,355,674	**9,388,982**	6,434,453	**1,671,761**	-	**11,060,743**	6,434,453
Other segmental information:														
Capital expenditure	-	-	-	-	**64,806**	271,288	-	91,743	**64,806**	363,031	**189,459**		**254,265**	363,031
Depreciation	-	90,000	-	-	**43,527**	49,684	-	68,373	**43,527**	208,057	**51,759**		**95,286**	208,057

Revenue of the asset management and advisory services includes incentive fees amounting to KD 776,543 (31 December 2021: 3,927,590) 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.

20. 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 2022	**31 December 2021**				
Investment securities at fair value through profit or loss						
Quoted equity securities	**1,494,564**	1,788,636	Level 1	Last bid price/unit price	N/A	N/A
Unquoted equity securities	**4,287,854**	1,305,730	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	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	**200,000**	2,131,982	Level 3	Adjusted price/ book multiples	Adjusted book value	The higher the market risk, the lower the fair value
	5,982,418	8,082,558				

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

	Kuwaiti Dinars				
	As at 1 January 2022	Gain recorded in the consolidated statement of income	Loss recorded in other comprehensive income	Net purchases, sales and settlements	As at 31 December 2022
Financial assets at fair value					
Unquoted equity securities and debt securities	**6,293,922**	**759,871**	**(172,032)**	**(2,393,907)**	**4,487,854**

	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 and debt securities	7,645,711	67,085	(447,845)	(971,029)	6,293,922

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.

21. 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.

21.1 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	
	2022	**2021**
Bank balances and short-term murabaha investments:		
- Banks and financial institutions	**5,338,767**	7,523,900
- Accounts receivable	**4,674,420**	886,306
- ECL	**(24,717)**	(17,455)
	9,988,470	8,392,751

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

Collateral and other credit enhancements

As disclosed in Note 7, the Group has collateral against receivable on sale of investments at 31 December 2022 (31 December 2021: Nil).

21.2 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 2022	Kuwaiti Dinars				
	Within 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
Accounts payable and accruals	**-**	**340,477**	**2,697,377**	**278,170**	**3,316,024**
Murabaha payable	**-**	**38,836**	**118,664**	**3,815,431**	**3,972,931**
Lease liabilities	**70,354**	**34,688**	**315,126**	**651,782**	**1,071,950**
Total financial liabilities	**70,354**	**414,001**	**3,131,167**	**4,745,383**	**8,360,905**

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	-	355,604	2,566,655	240,013	3,162,272
Lease liabilities	53,407	44,968	281,871	1,935,474	2,315,720
Total financial liabilities	53,407	400,572	2,848,526	2,175,487	5,477,992

21.3 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 21.4, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

21.3.1 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 investment and Murabaha payables) 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.

21.3.2 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 2022		31 December 2021	
Currency	**Effect on profit for the year**	**Effect on other comprehensive income**	Effect on profit for the year	Effect on other comprehensive income
GBP	**8,633**	**625,158**	87,029	657,463
USD	**318,777**	**3,076**	50,489	33,690
SAR	**6**	**66,588**	6	65,885

21.3.3 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 2022		**31 December 2021**	
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	**43,869**	**-**	52,473	-
Qatar	**968**	**-**	1,186	-

21.3.4 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.

21.4 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	
	2022	**2021**
Geographic region		
Kuwait	**17,333,150**	21,839,752
United Kingdom	**20,950,381**	21,960,173
United States of America	**9,521,613**	4,839,639
GCC	**2,301,875**	2,962,924
	50,107,019	51,602,488

The distribution of investments by industry sector is as follows:

	Kuwaiti Dinars	
	2022	**2021**
Industry sector		
Banks and financial and investment institutions	**22,323,643**	25,043,668
Real estate	**7,180,368**	6,015,027
Services	**1,597,101**	1,879,639
Education	**892,161**	1,249,058
Insurance	**200,000**	754,950
	32,193,273	34,942,342

22. 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:

2022	Kuwaiti Dinars		
	Up to 1 year	**Over 1 year**	**Total**
Assets:			
cash and cash equivalents	**5,338,767**	**-**	**5,338,767**
Accounts receivable and prepayments	**2,168,868**	**2,544,616**	**4,713,484**
Investments at fair value through profit or loss	**1,494,564**	**4,287,854**	**5,782,418**
Investments at fair value through other comprehensive income	**-**	**200,000**	**200,000**
Investment in associates and a joint venture	**-**	**24,725,802**	**24,725,802**
Right of use assets	**-**	**1,011,359**	**1,011,359**
Furniture and equipment	**-**	**372,012**	**372,012**
Intangible assets	**-**	**4,000,000**	**4,000,000**
Goodwill	**-**	**1,000,000**	**1,000,000**
Assets held for sale / associated with discontinued operations	**2,963,177**	**-**	**2,963,177**
Total assets	**11,965,376**	**38,141,643**	**50,107,019**
Liabilities:			
Accounts payable and accruals	**3,037,854**	**278,170**	**3,316,024**
Murabaha payable	**-**	**3,500,000**	**3,500,000**
Lease liabilities	**420,168**	**639,541**	**1,059,709**
Employees' end of service benefits	**-**	**1,513,249**	**1,513,249**
Liabilities held for sale / associated with discontinued operations	**1,671,761**	**-**	**1,671,761**
Total liabilities	**5,129,783**	**5,930,960**	**11,060,743**
LIQUIDITY SURPLUS	**6,835,593**	**32,210,683**	**39,046,276**

2021	Kuwaiti Dinars		
	Up to 1 year	Over 1 year	Total
Assets:			
cash and cash equivalents	7,523,900	-	7,523,900
Accounts receivable and prepayments	949,915	-	949,915
Investments at fair value through profit or loss	1,788,636	4,161,940	5,950,576
Investments 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	3,166,127	240,013	3,406,140
Lease liabilities	380,246	1,544,601	1,924,847
Employees' end of service benefits	-	1,103,466	1,103,466
Total liabilities	3,546,373	2,888,080	6,434,453
LIQUIDITY SURPLUS	6,716,078	38,451,957	45,168,035

23. 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	
	2022	**2021**
Investment portfolios managed on behalf of others	**250,513,630**	**302,287,781**
Funds managed on behalf of others	**210,020**	**1,700,862**
Foreign collective investment schemes managed on behalf of others	**240,211,191**	**15,314,407**
	490,934,841	**319,303,050**

Management and Advisory fees from fiduciary activities

	Kuwaiti Dinars	
	2022	**2021**
Basic management fees – portfolios	**2,190,547**	**1,787,342**
Basic management fees – funds	**6,000**	**6,000**
Incentive management fees	**820,692**	**3,927,590**
Total management fees	**3,017,239**	**5,720,932**
Advisory fees – foreign collective investment schemes	**1,183,656**	**160,827**

24. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	Kuwaiti Dinars	
	2022	**2021**
Guarantee provided for murabaha payable of a joint venture	**10,124,745**	10,530,000

In June 2019, the Joint Venture (see Note 11) 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.

25. 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 2022 and 31 December 2021. The Group has an external bank borrowing as of 31 December 2022 (31 December 2021: Nil).