Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Consolidated Financial Statements And Independent Auditor's Report For The Year Ended 31 December 2021

Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Consolidated Financial Statements For The Year Ended 31 December 2021

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Independent Auditor's Report

To Messrs. Shareholders
Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Sharq Investment Company - K.S.C.C and Its Subsidiaries "The Group"**, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders 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 financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those statements on 8 February 2021.

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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, 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 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.

We communicate with the management 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 the management 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, related safeguards.

Report on Legal Requirements

Also, in our opinion, these consolidated financial statements include the provisions stipulated in the Companies Law No. (1) of year 2016, the Executive Regulation for the Law and Bylaws and Article of Association of the Parent Company. Also, we obtained the necessary information and the Parent Company maintains proper accounting books and the data stated in the broad of directors' report is in agreement with the Parent Company's records and physical counting was carried out in accordance with recognised procedures. According to the information provided to us, there were no violations during the year ended 31 December 2021 of either the Companies Law No. (1) of year 2016, the Executive Regulation for the Law, the Parent Company's Bylaws and Article of association, nor to the Law No. (7) of year 2010 in regard of Capital Market Authority and its Executive Regulation, which might have materially affect the Group's financial position or its results of operations.

Dr. Hussah Al Bahar
License No. 66 "A"
Moore International For Auditing Bureau
Member firm of Moore Global
Kuwait – 14 February 2022

MOORE STEPHENS
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Consolidated Statement Of Comprehensive Income For The Year Ended 31 December 2021

	Notes	2021	2020
Revenues		KD	KD
Management fees	21	720,035	502,818
Consultancy income		113,418	530,382
Brokerage income		159,238	376,039
Realised gain on financial assets at FVTPL		1,213,908	424,340
Unrealised gain (loss) on financial assets at FVTPL	12/b	308,036	(28,579)
Rental income	6	444,891	249,585
Share of results from an associate	13	90,413	(176,152)
Dividends income		225,689	351,516
Other income		131,349	493,814
Gain (loss) on revaluation of investment properties	11	11,832	(766,650)
Interest income		5,999	32,361
Gain on sale of investment properties		-	50,000
Total Revenues		**3,424,808**	**2,039,474**
Expenses			
Administrative expenses	7	(489,335)	(425,507)
Employees cost		(424,097)	(250,493)
Bad debts expenses		(165,020)	(45,280)
Financing expenses		(203,481)	(238,005)
Total Expenses		**(1,281,933)**	**(959,285)**
Profit before Zakat and KFAS		**2,142,875**	**1,080,189**
Zakat	8	(19,255)	(10,915)
KFAS	9	(19,286)	(9,722)
Profit		**2,104,334**	**1,059,552**
Profit Attributable to:			
Shareholders' of the Parent		2,103,522	1,044,597
Non-controlling interests		812	14,955
Total Profit		**2,104,334**	**1,059,552**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity insturments at FVOCI	12/a	120,267	84,164
Net change in fair value of equity insturments at FVOCI from associate		65,905	-
Total other comprehensive income		**186,172**	**84,164**
Comprehensive Income		**2,290,506**	**1,143,716**
Comprehensive Income Attributable to:			
Shareholders' of the Parent		2,289,626	1,127,006
Non-controlling interests		880	16,710
Total Comprehensive Income		**2,290,506**	**1,143,716**
Basic earnings per share - fils	10	**13.85**	**6.88**

Sharq Investment Company - K.S.C.C

And Its Subsidiaries

State of Kuwait

Consolidated Statement Of Financial Position As At 31 December 2021

	Notes	2021 KD	2020 KD
ASSETS			
Non-current Assets			
Investment properties	11	13,259,000	13,230,750
Financial assets at FVOCI	12/a	8,920,587	8,773,851
Investment in an associate	13	437,463	274,263
Property and equipment, net		4,346	4,337
Total Non-current Assets		22,621,396	22,283,201
Current Assets			
Due from related parties	14	1,395	104,064
Accounts receivable and other debit balances		111,301	513,526
Financial assets at FVTPL	12/b	6,465,089	4,865,832
Cash on hand and at banks	15	1,402,344	1,429,688
Total Current Assets		7,980,129	6,913,110
TOTAL ASSETS		30,601,525	29,196,311
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders Equity			
Capital	16	15,185,000	15,185,000
Statutory reserve		1,249,777	1,035,571
Voluntary reserve		978,395	764,189
Cumulative change in fair value reserve		(77,514)	(233,340)
Cumulative change in fair value reserve - an associate		61,705	(4,200)
Retained earnings		5,730,386	4,352,066
Total Equity attributable to shareholders of the Parent Company		23,127,749	21,099,286
Non-controlling interest		1,657	36,432
Total Shareholders Equity		23,129,406	21,135,718
Liabilities			
Non-current Liabilities			
Murabahat payable - long term	17	5,100,000	5,700,000
End of services indemnity provision		126,402	83,498
Total Non-current Liabilities		5,226,402	5,783,498
Current Liabilities			
Murabahat payable - short term	17	700,000	700,000
Due to related parties	14	3,874	33,505
Accounts payable and other credit balances	18	1,541,843	1,543,590
Total Current Liabilities		2,245,717	2,277,095
Total Liabilities		7,472,119	8,060,593
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		30,601,525	29,196,311

Adel Taher Hassan Al-Nakas

Chairman

شركة شرق للاستثمار ش.م.ك.م

SHARQ INVESTMENT Co. (K.S.C.C)

Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Consolidated Statement Of Changes In Shareholders Equity For The Year Ended 31 December 2021

	Attributable to shareholders of the Parent Company								
	Capital	Statutory reserve	Voluntary reserve	Cumulative change in fair value reserve	Cumulative change in fair value reserve - an associate	Retained earnings	Total	NCI	Total Shareholdrs Equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD
As at 1 January 2020	15,185,000	929,048	657,666	(263,914)	(4,200)	3,468,680	19,972,280	19,722	19,992,002
Reclassification of gain on disposal of equity investments held at FVOCI	-	-	-	(51,835)	-	51,835	-	-	-
Comprehensive income	-	-	-	82,409	-	1,044,597	1,127,006	16,710	1,143,716
Transfer to reserves	-	106,523	106,523	-	-	(213,046)	-	-	-
Balance as at 31 December 2020	15,185,000	1,035,571	764,189	(233,340)	(4,200)	4,352,066	21,099,286	36,432	21,135,718
Reclassification of loss on disposal of equity investments held at FVOCI	-	-	-	34,622	-	(34,622)	-	-	-
Comprehensive income	-	-	-	120,199	65,905	2,103,522	2,289,626	880	2,290,506
Transfer to reserves	-	214,206	214,206	-	-	(428,412)	-	-	-
Dividends	-	-	-	-	-	(303,700)	(303,700)	-	(303,700)
Transactions with NCI	-	-	-	1,005	-	41,532	42,537	(35,655)	6,882
Balance as at 31 December 2021	15,185,000	1,249,777	978,395	(77,514)	61,705	5,730,386	23,127,749	1,657	23,129,406

Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Consolidated Statement Of Cash Flows For The Year Ended 31 December 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	KD	KD
Profit before KFAS and Zakat	2,142,875	1,080,189
Adjustments for:		
Unrealised (gain) loss on financial assets at FVTPL	(308,036)	28,579
Share of results from an associate	(90,413)	176,152
(Gain) loss on revaluation of investment properties	(11,832)	766,650
Dividends income	(225,689)	(351,516)
Gain on disposal of investment properties	-	(50,000)
Interest income	(5,999)	(32,361)
Depreciation	1,743	2,030
Recognised financing expenses	203,481	238,005
	1,706,130	1,857,728
Movements in working capital items:		
Due from related parties	102,669	(100,475)
Accounts receivable and other debit balances	402,225	462,128
Accounts payable and other credit balances	(40,288)	(68,972)
Due to related parties	(29,631)	(24,349)
End of services indemnity provision	42,904	11,280
Net cash flows from operating activities	2,184,009	2,137,340
CASH FLOWS FROM INVESTING ACTIVITIES		
Term deposits	100,000	300,000
Purchase of financial assets at FVTPL	(10,169,428)	(3,586,480)
Proceed from sale of financial assets at FVTPL	8,878,207	3,766,339
Purchase of property and equipment	(1,752)	(837)
Purchase of financial assets at FVOCI	(454,119)	(1,267,934)
Proceed from sale of financial assets at FVOCI	427,650	311,874
Dividends received	225,689	351,516
Purchase of investment properties	(16,418)	(7,487,400)
Proceeds from sale of investment properties	-	5,000,000
Net cash flows from investing activities	(1,010,171)	(2,612,922)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(303,700)	-
Paid financing expenses	(203,481)	(238,005)
Interest income received	5,999	32,361
Murabahat payable	(600,000)	-
Net cash flows from financing activities	(1,101,182)	(205,644)
Net change in cash and cash equivalents	72,656	(681,226)
Cash and cash equivalents at beginning of the year	1,229,688	1,910,914
Cash and cash equivalents at end of the year - Note (15)	1,302,344	1,229,688

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2021

1. General

The Parent Company was established and registered at the Commercial Register as a closed shareholding company on 3 April 2005 under number (106750). The Parent Company is regulated by Capital Markets Authority (CMA) as an investment portfolio manager

The Parent company's objectives are:

* Investment in real estate, agricultural, and industrial sectors. Also, investment in other economical sectors by participating in incorporation of specialised companies, or purchasing shares and bonds of such companies in the different sectors.
* Investment portfolio manager.
* Dealing and trading in the foreign currency market as well as the precious metals market both inside Kuwait and abroad provided that such transaction will be only in the account of the Company.
* Securities broker not registered with an exchange.

The Parent Company may conduct the above activities either in the State of Kuwait or abroad as a principal or proxy. The Parent Company may have an equity interest or in any way be associated with entities engaged in similar activities or other activities which may assist the Group in achieving its primary objectives in Kuwait or abroad. The Parent Company may also establish, participate in, acquire or affiliate itself with such entities.

These consolidated financial statements are presented in Kuwaiti Dinar (KD), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company and its subsidiaries (together "the Group") and the Group's interest in an associate entity drawn up for the year ended 31 December 2021. Except where otherwise indicated, all financial information presented in (KD) has been rounded to the nearest one Dinar.

The Parent Company's address is: Mirqab – Block (3) – KBT Tower - Floor (37) - State of Kuwait.

Key terms included in financial statements.

FVOCI	Fair value through other comprehensive income.
FVTPL	Fair value through profit or loss.
OCI	Other comprehensive income.
NCI	Non-controlling interest

2. Adoption of New and Revised International Financial Reporting Standards

New standards and amendments effective in the period on or after 1 January 2021

The following standards and amendments have become effective for the annual periods commencing on or after 1 January 2021.

* Amendments to IFRS (4), IFRS (7), IFRS (9), IFRS (16) & IAS (39) - Interest Rate Benchmark Reform – Phase (2).
* Amendments to IFRS (16) - Covid-19-Related Rent Concessions.

Amendments to IFRS (4), IFRS (7), IFRS (9), IFRS (16) & IAS (39) - Interest Rate Benchmark Reform – Phase (2)

As a result of these amendments, among other matters, an entity:

* Will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
* Will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
* Will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

Amendments to IFRS (16) 'Leases' Covid-19 Related Rent Concessions

Amendments to IFRS (16) 'Leases' provide a practical expedient that permits lessees to account for the rent concessions, that occur as a direct consequence of the COVID - 19 pandemic and meets specified conditions, as if they were not lease modifications.

The amendment is effective 1 June 2020.

Amendments to IFRS (16) 'Leases' Covid-19 Related Rent Concessions beyond 30 June 2021

This amendment extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendment is effective 1 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at the date this Standard was issued.

Where an entity early adopts Covid-19-Related Rent Concessions then they shall disclose that fact (including the requirements in the paragraph above) and provide the additional disclosures in note 53.

New standards and amendments issued but not yet effective for years ending 31 December 2021

* Amendments to IFRS (16) - Covid-19-Related Rent Concessions
* IFRS (17) - Insurance Contracts
* Amendments to IAS (1) - Classification of Liabilities as Current or Non-current
* Amendments to IAS (16) - Property, Plant and Equipment: Proceeds before intended use
* Amendments to IFRS (3) - Reference to the Conceptual Framework
* Amendments to IAS (37) - Onerous Contracts – Cost of Fulfilling a Contract
* Annual Improvements to IFRS Standards 2018–2020
* Amendments to IFRS (10) and IAS (28) - Sale or contribution of assets between an investor and its associate or joint venture

* Amendments to IAS (1) and IFRS Practice Statement (2) - Disclosure of Accounting Policies
* Amendments to IAS (8) - Disclosure of Accounting Policies and Definition of Accounting Estimates
* Amendments to IAS (12) - Deferred tax related to assets and liabilities arising from a single transaction

Amendments to IFRS (16) 'Leases' Covid-19 Related Rent Concessions beyond 30 June 2021

This amendment extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendments are applicable for annual periods commencing on or after 1 April 2021.

IFRS (17) 'Insurance contracts' establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. IFRS (17) is effective for annual periods commencing on or after 1 January 2023.

Amendments to IAS (1) 'Presentation of financial statements' clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 1 January 2023.

Amendments to IAS (16) 'Property, plant and equipment' require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset. The amendments are applicable for annual periods commencing on or after 1 January 2022.

Amendments to IFRS (3) 'Business combinations' update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are applicable for annual periods commencing on or after 1 January 2022.

Amendments to IAS (37) 'Provisions, contingent liabilities and contingent assets' specify the costs that an entity includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 amend:

* IFRS (1) to simplify the application of IFRS (1) by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
* IFRS (9) to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
* IFRS (16) illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements.
* IAS (41) to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS (41) with those in other accounting standards.

The amendments are applicable for annual periods commencing on or after 1 January 2022.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2021

Amendments to IFRS (10) 'Consolidated financial statements' and IAS (28) 'Investments in associates' clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. Otherwise, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments have been deferred until IASB has finalised its research project on the equity method.

Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates modify:

* IFRS (7), to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
* IAS (1), to require entities to disclose their material accounting policy information rather than their significant accounting policies;
* IAS (8), to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
* IAS (34), to identify material accounting policy information as a component of a complete set of financial statements; and
* IFRS Practice Statement (2) Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to Deferred tax related to assets and liabilities arising from a single transaction modify IAS (12) to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.

The Standard amends IFRS (1) to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to Australian Accounting Standards, despite the exemption set out in IAS (12).

3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRIC interpretations.

The consolidated financial statements have been prepared on the historical cost basis for the revaluation of investment properties and financial assets at FVOCI and at FVTPL. The principal accounting policies that have been applied consistently by all Group companies to all periods presented in these consolidated financial statements are set out below.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in relevant notes as summarised in Note (5). Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

Consolidation

The financial statements comprise those of the Parent Company and its subsidiaries. Subsidiaries which are directly or indirectly controlled by the Group are consolidated. Control is achieved where the Group has power over the investee, that expose or give rights to variable returns from its involvement with the investee, and the Company is able to use it power to affect the amount of returns from the investee. Generally, control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity.

The acquisition method of accounting is used by the Group when it undertakes a business combination. The fair value of consideration transferred at the acquisition date includes the fair value of assets transferred, liabilities incurred by the owners and equity instruments issued by the Group. Consideration can include cash, contingent consideration and options. Acquisition related costs are expensed as incurred unless they relate to the issue of financial instruments in which case they are accounted for in accordance with accounting policies relating to that specific type of financial instrument. The assets acquired and liabilities assumed are recognised at the acquisition date at their fair value. At the acquisition date any equity interest held prior to the acquisition date is recognised at fair value with a resulting gain or loss recognised in profit or loss. The group has an option on a combination-by-combination basis on how to recognise a non-controlling interest at the acquisition date either at fair value or proportionate share of net assets.

Goodwill is measured as the excess of the consideration transferred, plus any non-controlling interest and the fair value of any previously held interest in the acquiree over the fair value of assets acquired and liabilities assumed. If the goodwill is negative (bargain purchase) this is recognised immediately in the profit or loss. Any changes in contingent consideration after the measurement period are recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, or up to the effective date of disposal, as appropriate. Entities which are acquired and are controlled, but which will be held for a period less than twelve months, are recorded as assets held for sale.

The consolidated financial statements are based on the financial statements of the individual companies drawn up using the standard Group accounting policies. Accounting policies applied by individual subsidiaries have been revised where necessary to ensure consistency with Group policies for consolidation purposes.

All significant intra-group transactions and balances between Group entities are eliminated on consolidation. The Group applies a policy of treating transactions with a non-controlling interest as transactions with equity holders when control of the subsidiary is not lost. This is therefore reflected in equity.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for in equity. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position, recognises any investment retained in the former subsidiary at its fair value when control is lost and recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

Foreign Currency Translation

The Group has determined the Kuwait Dinar (KD) as its functional currency, as this is the currency of the economic environment in which the Group predominantly operates.

Translation of transactions and balances in foreign currencies to functional

Transactions in currencies other than Kuwaiti Dinar are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in profit or loss. No Group entity has a functional currency of a hyper-inflationary economy.

When consideration is paid or received in advance the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

Translation from functional to presentation currency

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, financial liabilities that are designated as hedges of the net investment in a foreign operation and qualifying cash flow hedges, each of which are recognised directly in equity within the translation reserve.

In the case of foreign entities the financial statements of the Group's overseas operations are translated as follows on consolidation: assets and liabilities, at exchange rates ruling on the reporting date, income and expense items at the average rate of exchange for the period and equity at exchange rates ruling on the dates of the transactions. Exchange differences arising are classified as equity and transferred to a separate translation reserve. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of. Foreign exchange gains and losses arising from monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely within the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Foreign currency gains and losses are reported on a net basis.

Revenue Recognition

Interest and dividends income

Interest income is recognised on a time basis using the effective interest method. includes interest income from cash and cash equivalents and debt instruments at fair value through profit or loss.

Dividends income is recognised in the statement of comprehensive income when the Group's right to receive payment is established.

Consulting fees revenues

Revenue from consulting fees is recognised over time on monthly basis.

Third-party property management revenues

Revenues from third-party property management is recognised over time on monthly basis.

Lease income

Lease income arising from operating leases; where the Group is the lessor; is recognised in income on a straight-line basis over the lease term.

Taxation

The charge for current tax is based on the result for the year adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Financial resolution No. 58/2007 effective from 10 December 2007. Under the Zakat regulation losses neither carried forward to the future years nor carryback to prior years.

Kuwait Foundation for Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Director's resolution, which states that income from associates and subsidiaries, board of directors remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Investments In Equity Accounted Entities

Associates

Investments in associates are those over which the Group has significant influence. These are accounted for using the equity method of accounting. Significant influence is considered to be participation in the financial and operating policy decisions of the investee and is usually evidenced when the Group owns between 20% and 50% of that company's voting rights.

Investments in associates are initially recorded at cost and the carrying amount is increased or decreased to recognise the Group's share of the profits or losses of the associate after acquisition. At the date of acquisition any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate is recognised as goodwill and included in the carrying amount of the associate. The carrying amount of these investments is reduced to recognise any impairment of the value of the individual investment. If the Group's share of losses exceeds its interest in an associate the carrying value of that investment is reduced to nil and the recognition of any further losses is discontinued unless the Group has an obligation to make further funding contributions to that associate.

The Group's share of associates' post acquisition profits or losses is recognised in profit or loss and the share of post-acquisition movements in other comprehensive income is recognised within other comprehensive income.

Where a Group entity has transactions with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associated entity. Accounting policies of associated entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Discontinuing Equity Accounting

When the Group ceases to have significant influence or joint control as a result of dilution or disposal of its interest, the retained interest is revalued to its fair value at that point in time with gain or loss immediately taken to profit or loss. The amount is deemed to be the cost of the investment going forward and accounted. Amounts previously recognised as share of other comprehensive are reclassified to profit or loss or transferred to retained earnings depending on the nature of the items.

If change of Group's interest occurs without loss of significant influence or joint control, items previously recognised as other comprehensive income are only transferred or reclassified to the extent of the interest disposed of. If the Group instead gains control (as a result of increasing its stake), the fair value of the interest previously held is included as part of purchase consideration.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An external independent valuer, having appropriate recognised professional qualifications and current experience of the location and type of property being valued, values the Group's investment property annually. Fair values are based on market values. Market values are the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing.

Where current prices cannot be established by reference to an active market, valuations are prepared by considering the aggregate of the estimated net cash flows to be received from renting the property. A yield that recognises the specific risks inherent in the net cash flows is then applied to the net annual rental cash flows to determine the value.

Valuations reflect the type of occupier and the general perception of their likely creditworthiness, the division of related costs between landlord and tenant, the incidence of rent reviews and anticipated revised rental levels, and the remaining economic life of the property.

Property And Equipment

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The residual values and useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Depreciation is charged on assets so as to write off the cost of assets, over their estimated useful lives, using the straight-line method over (5) years.

The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial Instruments

A. Recognition and Derecognition Of Financial Instruments

Financial instruments, other than derivative financial instruments, are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets that are regular way purchased or sold are recognised using the trade date accounting, i.e. that is when the Group commits to purchase or sell.

Financial instruments that are not trade receivables are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value.

Trade receivables are recognised at transaction cost, if they do not contain a significant financing element (IFRS 15).

Financial assets are derecognised when:

* The contractual rights to cash flows from the financial asset expire, or
* The asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred,

On de-recognition, the Group recognised the differences between carrying amount and consideration.

In factoring arrangements and guaranteed receivables, transfer may not result in de-recognition, because the Group retains exposure to risks and rewards to some extent. The Group assesses its extended involvement and recognises a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

Financial liabilities (or a part of) are derecognised when, and only when the obligation is extinguished-i.e. when the obligation specified in the contract is discharged or cancelled or expires. The gain or loss between the carrying value and amount paid is recognised in profit or loss.

If the terms of an existing financial liability (loans and borrowings) are substantially modified this will be considered to meet the criteria for derecognition of the original lability, and a new financial liability is recognised.

B. Classification and Subsequent Measurement of Financial Assets

Measurement of financial assets depends on the classification, which is determined by the business model for holding the asset and characteristics of its cash flows.

Amortised Cost

Assets are held for the purpose of obtaining contractual cash flows, which are solely interest and principal, such as debt instruments, loans and receivables including contract assets. Interest is calculated using effective interest method and included in finance income in profit or loss. Impairment is presented in a separate line in profit or loss.

Fair value Through Other Comprehensive Income (FVOCI)

If in addition to above, if the business model also includes selling the assets, then these assets are measured at fair value with changes in fair value flowing through OCI. Interest income is calculated and presented as above. Impairment is included in profit or loss and reduces/ increases the fair value gain/ loss recognised in OCI reserve.

On derecognition, gains and losses are recycled to profit or loss and included in other gains/ losses.

For equity investments that the Group considers to be long term strategic investments, the Group has taken the election in IFRS 9 to present the changes in fair value through other comprehensive income. Unlike FVOCI above however, on sale of investments, the cumulative OCI gain/ loss will be transferred within equity and will not be recycled through profit or loss.

Dividends are recognised as other income when there is a right to receive payment.

Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria above are measured as FVTPL with changes in fair value presented in other gains/ losses.

C. Classification and Measurement of Financial Liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities, which are measured at amortised cost. Financial liabilities are classified at fair value through profit or loss if they are either held for trading or they are otherwise designated within this classification. Gains and losses on such financial liabilities are recognised within other gains and losses in the statement of comprehensive income.

A financial liability is classified as held for trading if:

a- It has been acquired principally for the purposes of subsequent short-term repurchase;

b- On initial recognition it is part of a portfolio of identified financial instruments which have a pattern of short-term profit taking; or

c- It is a derivative financial instrument that is not designated and effective as a hedging instrument.

A financial liability may otherwise be designated at fair value through profit or loss upon initial recognition:

a- If such designation eliminates or reduces significantly a measurement or recognition inconsistency that would otherwise arise; or
b- The financial liability forms part of a Group of financial assets, financial liabilities or both, which is managed and its performance evaluated on a fair value basis as a part of the Group's documented risk management and investment strategies; and
c- It forms part of a contract containing one or more embedded derivatives and the entire contract can be so designated in accordance with applicable financial reporting standards.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, within finance costs in the statement of comprehensive income.

The Group derecognises financial liabilities when the obligations of the Group are discharged, cancelled or have expired.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss.

Distributions to the equity holders are recognised in equity, net of attributable taxation.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Currently the Group dose not offset financial assets and financial liabilities.

Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are financial assets stated initially at fair value which is taken to be their transaction cost and subsequently at their amortised cost less any loss allowance. Loss allowance is based on lifetime expected credit losses assess and determined at initial recognition and subsequently adjusted for any changes in expectation.

Loss allowance measurement and policy included in Note (4).

Trade receivables expected to be received in the next year are classified as current assets. If not, they are presented as non-current assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

End of Service Indemnity Provision

End of service indemnity for employees is calculated in accordance with Kuwaiti Labor Laws and Regulations, and the provision is paid at the end of the employee's service date. For Kuwaiti employees, the Group pays monthly subscriptions to The Public Institution for Social Security, calculated as a percentage of Kuwaiti employees' salaries.

Statutory Reserve

A percentage of not less than 10% of the net profits of the Parent Company shall be deducted annually by resolution of the ordinary general meeting upon proposal of the board of directors to form the statutory reserve of the Parent Company.

The ordinary general meeting may cease such deductions, if the statutory reserve are higher than half of the Parent Company's issued capital. Statutory reserve may be used only to cover the Group's losses or to ensure the distribution of dividends to shareholders of up to 5% of the paid-up capital, in the financial years in which the Group's profits do not allow the distribution of such percentage and the lack of a voluntary reserve that allows the distribution of such percentage of the profits.

Voluntary Reserve

A percentage of not less than 10% of the net profits of the Group shall be deducted by a resolution of the ordinary general meeting upon the proposal of board of directors to form a voluntary reserve of the Group for the purposes identified by the ordinary general meeting.

Leases

Group as a lessee

Payments associated with short-term leases and of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Group as a lessor

Lease income from operating leases where the Group a lessor is recognised on a straight-line basis over the lease term.

Borrowing Costs

Borrowing costs are interest and other costs that an Group incurs in connection with the borrowing of funds.

Borrowing costs are recognised in profit or loss in the year in which they are incurred.

Dividend Distributions

Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

Continencies

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.

Contingent liabilities are not recognised in the consolidated financial statements.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the consolidated financial statements, as they are not assets of the Group.

4. Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

* Market risk.
* Liquidity risk.
* Capital risk.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. There have been no changes to the Group's exposures to risk or the methods used to measure and manage these risks during the year.

The Group's financial instruments consist mainly of cash, accounts receivable and other debit balances, accounts payable and other credit balances, due from / to related parties, financial assets at FVOCI and at FVTPL, investment in an associate and murabahat payable.

4.1 Market Risk

4.1.1 Foreign Exchange Risk

The Group is exposed to foreign currency risk from its operating, investing and financing activities. Group's finance management manages the exposure and risk for investing and financing activities at the Group level.

It also monitors exposure and assists in the implementation of Group risk management strategies for exposure at an individual subsidiary level.

The Group's significant exposures to foreign currency risk at the reporting date stated at currency amounts were as follows:

2021	US Dollar	Euro	Saudi Riyal
Cash on hand and at banks	344,952	56,422	4,075
Financial assets at FVOCI	267,200	69,943	-
Financial assets at FVTPL	1,008,624	3,726	56,355
Exposure at 31 December 2021	**1,620,776**	**130,091**	**60,430**
KD/ FX rate			
Spot at year ended	0.30250	0.34287	0.0804
Average for the year	0.30165	0.35672	0.0806

2020	US Dollar	Euro	Emarati Dirham
Cash on hand and at banks	127,309	-	42,921
Financial assets at FVOCI	366,333	61,380	-
Financial assets at FVTPL	1,119,730	-	9,517
Exposure at 31 December 2020	**1,613,372**	**61,380**	**52,438**
KD/ FX rate			
Spot at year ended	0.304	0.356	0.08275
Average for the year	0.306	0.373	0.08296

4.1.2 Interest Rate Risk

As part of the process of managing the Group's fixed and floating rate fixed deposit and Murabaha borrowings mix, the fixed deposit and Murabaha rate characteristics of borrowings and the refinancing of existing borrowings are positioned according to movements in interest rates.

The Group's exposure to interest rate risk is managed by board of directors.

At the reporting date the carrying value of fixed and variable rate borrowings was as follows:

	2021	2020
Fixed rate instruments:	**KD**	**KD**
Fixed deposits - Note (15)	100,000	200,000
Murabahat payable - Note (17)	5,800,000	6,400,000

All fixed rate instruments are carried at amortised cost.

4.2 Liquidity Risk Management

The following are the undiscounted contractual maturities of financial liabilities:

2021	Carrying amount	Contractual cash flows	< 3 months	3 to 6 months	6 months to 1 year	1 - 5 year
	KD	KD	KD	KD	KD	KD
Non-derivative financial liabilities						
Accounts payable and other credit balances	1,541,843	1,441,843	115,885	245,557	128,401	952,000
Murabahat payable	5,800,000	5,800,000	400,000	-	300,000	5,100,000
Due to related parties	3,874	3,874	-	-	3,874	-

2020	Carrying amount	Contractual cash flows	< 3 months	3 to 6 months	6 months to 1 year	1 - 5 year
	KD	KD	KD	KD	KD	KD
Non-derivative financial liabilities						
Accounts payable and other credit balances	1,543,590	1,543,590	94,665	331,858	172,067	945,000
Due to related parties	33,505	33,505	-	-	33,505	-
Murabahat payable	6,400,000	6,400,000	400,000	-	300,000	5,700,000

4.3 Credit Risk Management

Credit risk arises on cash, accounts receivable and other debit balances and due from related parties. The risk of non-payment of balances is assessed on a case-by-case basis and expected credit losses are measured based on historical and current information.

The Group maintains cash at financial institutions with high credit ratings.

4.4 Capital Risk Management

The Group's management policy is to maintain and develop a strong a flexible capital base in order to maintain investor and creditor confidence.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares in order to reduce debt.

The Group monitors levels of capital by reference to gearing ratio, computed as net debt divided by total capital. Net debt is calculated as total borrowings, including both current and non-current borrowings as shown by the consolidated statement of financial position less cash. Total capital is calculated as net equity as shown in the consolidated statement of financial position plus net debt.

During 2021, The Group's strategy, which was unchanged from 2020, was to maintain the gearing ratio in the range 15% to 20%.

The gearing ratios at 31 December 2021 and 31 December 2020 were as follows:

	2021	2020
	KD	KD
Murabahat payable - Note (17)	5,800,000	6,400,000
Less: cash - Note (15)	(1,402,344)	(1,429,688)
Net debts	**4,397,656**	**4,970,312**
Shareholders equity	23,129,406	21,135,718
Total capital	**27,527,062**	**26,106,030**
Gearing ratio	**16%**	**19%**

There was no changes to the Group's approach to capital management during the year.

4.5 Fair Value Estimation

The estimated fair values have been determined using available market information and appropriate valuation methodologies as outlined below.

The fair value for non-derivative financial liabilities is determined based on the amount the Group would pay to transfer a liability in an orderly transaction between market participants at the measurement date. If a market price is available then this will be used to determine the fair value, otherwise a valuation technique is used.

Generally, the Group will obtain the fair value by calculating the present value of future cash flows discounted at prevailing rates of return for financial instruments having the same terms and characteristics and credit rating.

The fair values of financial assets and financial liabilities, together with their respective carrying values as shown in the statement of financial position, are presented in the table below. All assets and liabilities except those expressly state at are measured at fair value on a recurring basis, classified within the fair value hierarchy:

Level (1) – Prices quoted (unadjusted) in active markets for identical assets or liabilities.

Level (2) – Inputs other than quoted prices included within level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level (3) – Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2021

31 December 2021	Level (1)	Level (2)	Level (3)	Total balance	Carrying Value
Assets	KD	KD	KD	KD	KD
Financial assets at FVOCI					
Equity securities - Quoted	8,489,075	-	-	8,489,075	8,489,075
Equity securities - Unquoted	-	68,109	-	68,109	68,109
Managed equity funds	-	-	340,409	340,409	340,409
Managed equity portfolio	-	-	22,994	22,994	22,994
	8,489,075	68,109	363,403	8,920,587	8,920,587
Financial assets at FVTPL					
Equity securities - Quoted	2,303,067	-	-	2,303,067	2,303,067
Equity securities - Unquoted	-	3,317,744	-	3,317,744	3,317,744
Investments in managed portfolio	-	-	660,963	660,963	660,963
Debt securities - Bonds	183,315	-	-	183,315	183,315
	2,486,382	3,317,744	660,963	6,465,089	6,465,089
Financial assets held at amortised cost					
Cash on hand and at banks	-	-	1,402,344	1,402,344	1,402,344
Investment in an associate	-	-	437,463	437,463	437,463
Accounts receivable and other debit balances	-	-	111,301	111,301	111,301
Due from related parties	-	-	1,395	1,395	1,395
Total assets	10,975,457	3,385,853	2,976,869	17,338,179	17,338,179
Liabilities					
Financial liabilities not at FVTPL					
Murabahat payable	-	-	5,800,000	5,800,000	5,800,000
Accounts payable and other credit balances	-	-	1,441,843	1,441,843	1,541,843
Due to related parties	-	-	3,874	3,874	3,874
Total liabilities	-	-	7,245,717	7,245,717	7,345,717

31 December 2020	Level (1)	Level (2)	Level (3)	Total balance	Carrying Value
Assets	KD	KD	KD	KD	KD
Financial assets at FVOCI					
Equity securities - Quoted	8,181,046	-	-	8,181,046	8,181,046
Equity securities - Unquoted	-	138,832	-	138,832	138,832
Managed equity funds	-	-	430,979	430,979	430,979
Managed equity portfolio	-	-	22,994	22,994	22,994
	8,181,046	138,832	453,973	8,773,851	8,773,851
Financial assets at FVTPL					
Equity securities - Quoted	1,352,681	-	-	1,352,681	1,352,681
Equity securities - Unquoted	-	2,852,721	-	2,852,721	2,852,721
Investments in managed portfolio	-	-	660,430	660,430	660,430
	1,352,681	2,852,721	660,430	4,865,832	4,865,832
Financial assets held at amortised cost					
Cash on hand and at banks	-	-	1,429,688	1,429,688	1,429,688
Investment in an associate	-	-	274,263	274,263	274,263
Accounts receivable and other debit balances	-	-	513,526	513,526	513,526
Due from related parties	-	-	104,064	104,064	104,064
Total assets	9,533,727	2,991,553	3,435,944	15,961,224	15,961,224
Liabilities					
Financial liabilities not at FVTPL					
Murabahat payable	-	-	6,400,000	6,400,000	6,400,000
Accounts payable and other credit balances	-	-	1,543,590	1,543,590	1,543,590
Due to related parties	-	-	33,505	33,505	33,505
Total liabilities	-	-	7,977,095	7,977,095	7,977,095

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level (1).

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the least extent feasible on estimates made by the Group. If all significant inputs required to fair value an instrument are observable, the instrument is included in level (2).

If one or more of the significant inputs to the fair value assessment is not based on observable market data, the instrument is included in level (3).

There are no transfers between levels of financial assets and liabilities.

Specific valuation techniques used to value financial instruments include the following:

Financial assets	Fair Value as at 31 Decmber 2021	2020	Fair Value Level	Valuation Techniques and Key Inputs	Relationship of Unobservable Inputs to Fair Value
	KD	KD			
Financial assets at FVOCI					
Equity securities - Unquoted	68,109	138,832	2	Comparable company valuation multiples	the higer the market risk the lower the fair value
Managed equity funds	340,409	430,979	3	Net assets value	the higer the market price the higer the fair value
Managed equity portfolio	22,994	22,994	3	Net assets value	the higer the market price the higer the fair value
Financial assets at FVTPL					
Equity securities - Unquoted	3,317,744	2,852,721	2	Comparable company valuation multiples	the higer the market risk the lower the fair value
Investments in managed portfolio	660,963	660,430	3	Net assets value	the higer the market price the higer the fair value

5. Critical Accounting Estimates and Judgements

In preparing the consolidated financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Certain areas of financial statements require management to make judgements and estimates in application of accounting policies and measurement of reported amounts. These are continuously monitored for any factors that would lead to a change in assumption or lead to a different decision. Any changes in estimates are accounted for prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below with reference to relevant notes containing further assessment of the nature and impact of the assumptions.

Significant judgements and estimates	Note
a) Financial instruments	
The fair value of financial instruments not-traded in active market	5
Impairement of financial assets	4
b) Revenues	
* Estimate and timing of recognition of variable consideration	
* Identification of performance obligations and allocation of price	
c) Judgements in determination of control and significant influence	13 & 19

Estimating the value of other assets and liabilities

Other areas for which fair value estimation is required as the basis of measurement or disclosure are included in the appropriate notes as follows:

	Note
Investment properties	11

6. Rental Income

Set out below is the disaggregation of revenues based on geographical location:

	2021	2020
	KD	KD
Mahboula - complex (333)	235,500	-
Khaitan - complex (14)	139,191	179,385
Farwaniya - complex (33)	70,200	70,200
Total	**444,891**	**249,585**

7. Administrative Expenses

	2021	2020
	KD	KD
Consultancy fees	188,080	158,282
Miscellaneous	75,514	86,281
Maintenance	66,246	34,946
Professional fees	54,674	63,201
IT expenses	50,163	36,240
Rent	36,312	37,365
Fees and subscriptions	18,346	9,192
Total	**489,335**	**425,507**

8. Zakat Expense

	2021	2020
	KD	KD
Profit before KFAS and Zakat	2,142,875	1,080,189
Dividends income	(225,689)	-
Movements on retained earnings previously reported	(34,622)	-
Net movement of indemnity provision	42,904	11,280
Adjusted profit for Zakat	**1,925,468**	**1,091,469**
Zakat expense (1%)	**19,255**	**10,915**

9. KFAS Expense

	2021	2020
	KD	KD
Profit before KFAS and Zakat	2,142,875	1,080,189
Transferred to statutory reserve	(214,288)	(108,019)
Adjusted profit for KFAS	**1,928,587**	**972,170**
KFAS expense (1%)	**19,286**	**9,722**

10. Basic Earnings Per Share

The Group presents basic earnings per share information for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the reporting year.

Basic earnings per share are based on the following information:

	2021	2020
Profit attributable to the Parent Comapany - KD	2,103,522	1,044,597
Weighted average number of ordinary shares	151,850,000	151,850,000
Basic earnings per share - Fils	**13.85**	**6.88**

11. Investment Properties

The movement in investment property is as follows:

	2021	2020
	KD	KD
Beginning of the year balance	13,230,750	11,460,000
Additions	16,418	7,487,400
Gain (loss) on revaluation	11,832	(766,650)
Sales of investment property	-	(4,950,000)
End of the year balance	**13,259,000**	**13,230,750**

Disaggregation of investment properties by geographical area:

	2021	2020
	KD	KD
Mahboula - complex (333)	10,000,000	10,100,000
Khaitan - complex (14)	2,430,000	2,301,750
Farwaniya - complex (33)	829,000	829,000
Total	**13,259,000**	**13,230,750**

All investment properties are located in State of Kuwait.

The fair value of the Group's investment properties at 31 December 2021 has been arrived on the basis of a valuation carried out by an independent valuer not connected with the Group. The valuation, which conforms to International Valuation Standards, was arrived reference to income approach.

Farwaniya complex with a carrying value of KD 829,000 (2020: KD 829,000) is registered in the name of a local bank on behalf of the Group. This property is leased back by the Group with an option to re-purchase the property at the end of lease term.

The Group has pledged Mahboula Complex (333) having a carrying value of KD 10,000,000 (2020: KD 10,100,000) to secure banking facilities granted to the Group (see Note 17).

12. Financial Assets

12 - A. Financial assets at FVOCI

	2021	2020
	KD	KD
Equity securities - Quoted	8,489,075	8,181,046
Managed equity funds	340,409	430,979
Equity securities - Unquoted	68,109	138,832
Managed equity portfolio	22,994	22,994
Total	**8,920,587**	**8,773,851**

The movement at FVOCI is as follows:

	2021	2020
	KD	KD
Balance at the beginning of the year	8,773,851	7,733,627
Additions	454,119	1,267,934
Disposals	(426,526)	(311,874)
Capital recovery	(1,124)	-
Change in fair value	120,267	84,164
Balance at end of year	**8,920,587**	**8,773,851**

Investments in equity instruments represent strategic investments measured at fair value through consolidated comprehensive income.

As permitted in IFRS (9), the Group designated the above equity investments as held at FVOCI as the intention to hold for the long term for strategic purposes.

The fair value of the unquoted equity instruments has been determined on the basis of net book value as these investments are not traded in an active market.

12 – B. Financial assets at FVTPL

	2021	2020
	KD	KD
Equity securities - Unquoted	3,317,744	2,852,721
Equity securities - Quoted	2,303,067	1,352,681
Investment in managed portfolio	660,963	660,430
Debt securities - Bonds	183,315	-
Total	**6,465,089**	**4,865,832**

Financial assets at FVTPL include:

Financial assets that have not met the criteria required by IFRS 9 to be classified as amortised cost or FVOCI.

Other investments held for trading. There are no equity investments that are not held for trading that were not designated as FVOCI by the Group.

The movement of FVTPL is as follows:

	2021	2020
	KD	KD
Balance at the beginning of the year	4,865,832	5,074,270
Purchased during the year	10,169,428	3,586,480
Sales during the year	(8,732,044)	(3,766,339)
Capital recovery	(146,163)	-
Change in fair value	308,036	(28,579)
Balance at end of year	**6,465,089**	**4,865,832**

13. Investment In An Associate

Details of the Group's associated entity as at 31 December are as a follow:

Associate	Country of incorporation	Ownership percentage	2021	2020
		%	KD	KD
NUC National For General Trading Company W.L.L	State of Kuwait	35	437,463	274,263
Total			437,463	274,263

Significant influence is exercised over the associate as the Group participate in policy making processes.

(*) Movements on interest in the associate can be summarised as follows:

	2021	2020
	KD	KD
Beginning of the year balance	274,263	450,415
The Group's share of the results	90,413	(176,152)
The Group's share of OCI	65,905	-
Adjustments	6,882	-
End of the year balance	**437,463**	**274,263**

Summary of the financial information of the associate is as follows:

	2021	2020
Assets	KD	KD
Non current	1,255,356	1,035,340
Current	2,916,025	2,215,965
Total assets	**4,171,381**	**3,251,305**
Liabilities		
Non current	2,373,529	99,806
Current liabilities	547,956	2,367,890
Total liabilities	**2,921,485**	**2,467,696**
Total revenues	1,161,945	646,221
Total expenses	(903,623)	(1,149,512)

The Group's share of results has been determined based on the management accounts provided by the management of the associate until 31 December 2021.

There are no other entities in which the Group holds 20% or more of the equity or otherwise exercises significant influence over the affaires of the entity.

14. Related Parties

The immediate parent of the Group and the ultimate controlling party is Al-Tafawaq United Holding Company (K.S.C.C).

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are given below.

Trading transactions and balances:

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

2021	Ultimate parent Company	Associate	Other related parties	Total
	KD	KD	KD	KD
Management fees	39,026	2,400	71,850	113,276
Administrative expenses	40,920	100,538	-	141,458
Finacial assets at FVOCI	4,042	-	8,457,888	8,461,930
Finacial assets at FVTPL	814,214	-	6,974	821,188

2020	Ultimate parent Company	Associate	Other related parties	Total
	KD	KD	KD	KD
Management fees	85,890	-	31,702	117,592
Administrative expenses	51,901	70,432	-	122,333
Finacial assets at FVOCI	9,045	-	8,189,201	8,198,246
Finacial assets at FVTPL	-	-	34,481	34,481

The following are the outstanding balances as at the end of the financial period:

Due from related parties	2021	2020
	KD	KD
United Medical Services Company	1,014	27,323
Alpha Energy Company	381	9,075
Al-Tafawoq United Holding Company	-	67,666
Total	1,395	104,064

Due to related parties	2021	2020
	KD	KD
NUC National For General Trading Company W.L.L	2,595	33,505
Al-Tafawoq United Holding Company	1,279	-
Total	3,874	33,505

Compensation of key management personnel

The aggregate remuneration of Group management and other member of key management personnel during the year were as follows:

	2021	2020
	KD	KD
Salaries and short term benefits	120,425	93,687
End of service indemnity	9,496	6,000
Total	**129,921**	**99,687**

No interest is charged on outstanding amount from or to related parties.

15. Cash On Hand And At Banks

	2021	2020
	KD	KD
Cash at financial institutions - KD	552,478	616,828
Cash at banks - foreign currencies	368,622	1,732
Cash at banks - KD	343,748	442,630
Cash at financial institutions - foreign currencies	36,829	168,498
Cash on hand	667	-
Total cash and cash equivalents	**1,302,344**	**1,229,688**
Term deposits	100,000	200,000
Total	**1,402,344**	**1,429,688**

Term deposits represent deposits with local banks with original maturities of more than three months from the placement date and earn interest at an average rate of 1.6% per annum (2020: 1.45%).

16. Capital

The Parent Company's authorised, issued and paid in capital amounted to KD 15,185,000 divided into 151,850,000 shares, each share for 100 Fils and all shares are paid in cash.

17. Murabahat Payable

Lendor	2021	2020
	KD	KD
Kuwait International Bank	5,400,000	6,000,000
Kuwait Finance House	400,000	400,000
Total	**5,800,000**	**6,400,000**

The above obligations are obtained to finance purchase the Complex's 33 and 333 (Note 11). These are repayable in 3 years. Murabaha rate are fixed at an average rate of 1.75% over CBK. The obligations are secured on the relevant asset.

18. Accounts Payable And Other Credit Balances

	2021	2020
	KD	KD
Provisions for legal claims (*)	952,000	945,000
Accrued expenses	251,217	190,482
Accounts payable	238,626	408,108
Deferred revneues	100,000	-
Total	**1,541,843**	**1,543,590**

(*) The Group has liabilities in respect of legal claims arising in the ordinary course of business. The recognised provision reflects the management's best estimate of the most likely outcome.

19. Subsidiaries

Details of the subsidiaries which have been consolidated in the Group financial statements at 31 December 2021 are as follows:

Subsidary	Country of incorporation	Ownership 2021	Ownership 2020	Principal
		%	%	
Danat Capital Management And Economic Consulting Company - W.L.L	State of Kuwait	100	100	Consultancy
Derby For Sale and Purchase of Land and Real Estate Company - W.L.L	State of Kuwait	100	100	Acquiring and investing in real estates
A2 Trading CompanyMaytham Mahmoud Haider And His Partner - W.L.L	State of Kuwait	99	99	import, export and commission agent

20. Reclassification

2020 balances have been reclassified to the conform with the classification in 2021 and there is no impact on the Group's results for the year ended 31 December 2020.

21. Fiduciary Assets

The Group manages investment portfolios on behalf of clients. The total value of these portfolios at 31 December 2021 is amounted to KD 390,982,711 (31 December 2020 KD 349,997,189) which are not reflected in the consolidated financial statements.

The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

Income earned from fiduciary assets amounted to KD 720,035 for the year ended 31 December 2021 (2020: KD 502,818).

Details of assets held in a fiduciary capacity are as follows:

	2021	2020
	KD	KD
Financial assets portfolio	381,327,214	345,049,761
Real estate portfolio	9,655,497	4,947,428
Total	**390,982,711**	**349,997,189**

22. Impact Of Global Pandemic

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity in various ways. The currently known impacts of COVID – 19 on the Group are:

* A delay in collecting the rents from tenants in the current period.
* A delay of leasing Khaitan real estate which led to lose prospected revenue around of KD 55,000 for the year ended 2021.

In response to these matters, the Group has taken the following action:

* The Group decreased the administrative expenses.
* Set and follow a conservative investment plan.
* Increase of provisions.
* Set investments loss risks purposes which will be reviewed quarterly.

Although it is not certain that these efforts will be successful, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

23. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the board of director and authorised for issuance on 14 February 2022 The consolidated financial statements are subject to the approval of general assembly of shareholders.