ANNUAL REPORT

2021

Kuwait International Investment Holding Company - K.S.C. (Public)

- KUWAIT -

H.H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
AMIR OF KUWAIT

Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah
CROWN PRINCE OF KUWAIT

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Members of the Board

Hamed M. Al Aiban
Chairman

Talal B. Al Bahar
Vice Chairman

Abdullah A. Al Asfor
Board Member

Laila A. Al Ibrahim
Board Member

Bader J. Al Hajri
Board Member

Mohammed I. Al Hadaib
Board Member

Ghanima N. M. Alnajem
Board Member

Fahad H. Al-Shamlan
Board Member

Chairman Message

**IN THE NAME OF ALLAH,
MOST GRACIOUS MOST MERCIFUL**

The respected shareholders
Greeting,
My brothers and I, members of the Board of Directors of Kuwait International Investment Holding Company, would like to welcome you and review with you the annual report of the Board of Directors for the year 2021, which includes the company's annual financial statements and its financial performance, as the focus was on continuing to exert more efforts to maintain a balanced performance in order to achieve strategic directions For the company, which had a great impact in enhancing the company's capabilities to overcome the obstacles imposed by the Corona crisis on various aspects of economic activities.

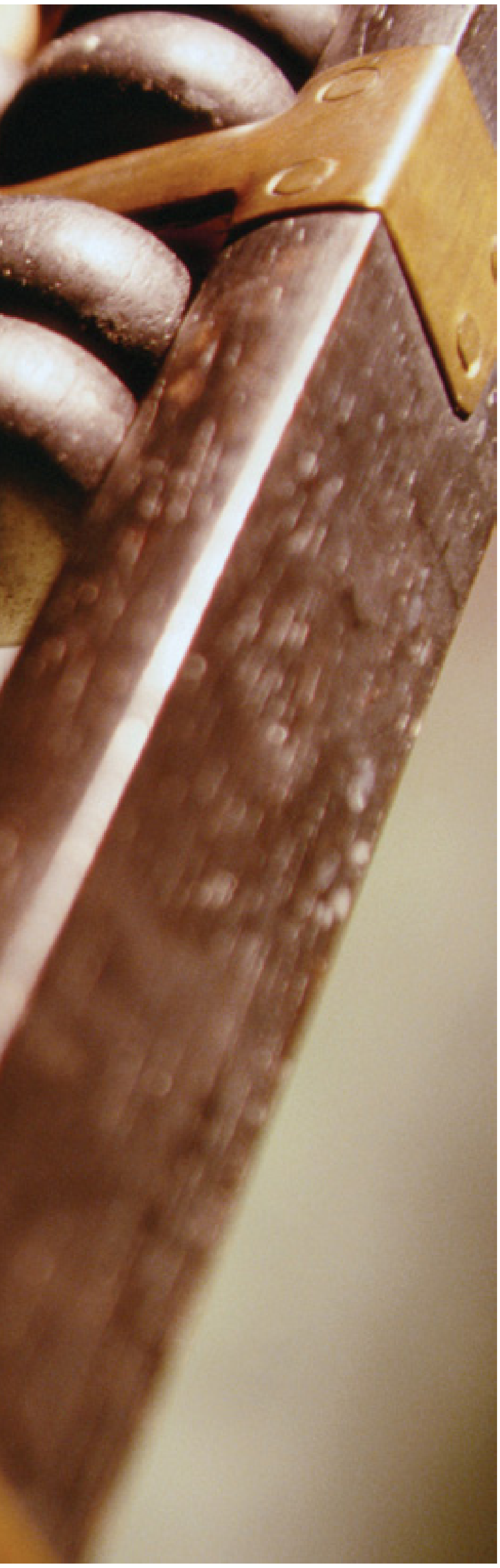
The Financial Performance
The year 2021 witnessed a remarkable improvement in the company's performance with the beginning of recovery from the effects of the outbreak of the Corona pandemic, as this recovery led to an improvement in the market value of the company's main investments.
The company achieved net profits for the year amounting to 14.7 million dinars, compared to 3.0 million for the year 2020, i.e., with a profit of 440 fils per share, compared to 90 fils per share in 2020, and shareholders' equity increased from 51.8 million Kuwaiti dinars in 2020 to reach 66.8 in the year million Kuwaiti dinars.

Future Projects
The company continues to follow the plan prepared to implement the planned strategy, where we will continue to invest in income-generating assets that can grow in their market value. The company also conducts a continuous review of the investment portfolio in accordance with the current conditions and their repercussions on various assets.
In conclusion, we extend our thanks and appreciation to the members of the Board of Directors as well as the executive management of the company for their good performance and efforts in implementing the company's strategy during the past year. I also thank our shareholders for their trust and support.

May Allah Grant Success,

Hamed Mohammed Al-Aiban
Chairman


Financial
Statements



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Kuwait International Investment Holding Company K.S.C. (Public)
State of Kuwait

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kuwait International Investment Holding Company – Kuwaiti Public Shareholding Company (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our 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.

Other Information

Management is responsible for the other information. Other information obtained at the date of this auditor's report is information included in the report of the Company's Board of Directors, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Shareholders of Kuwait International Investment Holding Company – KPSC (continued)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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.

Independent Auditor's Report to the Shareholders of Kuwait International Investment Holding Company – KPSC (continued)

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

- 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with 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.

Grant Thornton
Al-Qatami, Al-Aiban & Partners

Independent Auditor's Report to the Shareholders of Kuwait International Investment Holding Company – KPSC (continued)

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements, together with the contents of the report of the Company's Board of Directors relating to these 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 financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the 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, the Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2021 that might have had a material effect on the business or financial position of the Company.

Hend Abdullah Al Surayea
(Licence No. 141-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

State of Kuwait
26 May 2022

STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2021

All amounts are in Kuwaiti Dinars

	Notes	2021	2020
Income			
Rental income	7	**1,199,698**	1,290,873
Change in fair value of financial assets at FVTPL		**14,225,651**	2,163,460
Gain on sale of financial assets at FVTPL		**112,425**	20,385
Change in fair value of investment properties under development		**95,656**	(43,932)
Gain on sale of investment properties under development		**685,510**	-
Change in fair value of investment properties		**(626,022)**	-
Dividend income	12	**648,391**	2,224,339
Other income		**57,692**	17,741
		16,399,001	5,672,866
Expenses and other charges			
Cost of operating investment properties		**(595,692)**	(563,558)
General and administrative expenses		**(503,298)**	(534,010)
Provision for doubtful debts		**(89,023)**	(1,424,810)
Borrowing costs		**(114,407)**	-
		(1,302,420)	(2,522,378)
Profit for the year before provisions for contribution to KFAS and Zakat		**15,096,581**	3,150,488
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(147,564)**	(31,505)
Provision for Zakat		**(150,966)**	(39,347)
Profit for the year	8	**14,798,051**	3,079,636
Basic and diluted earnings per share (Fils)		**0.44**	0.09

The notes set out on pages 9 to 33 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

All amounts are in Kuwaiti Dinars

	2021	2020
Profit for the year	**14,798,051**	3,079,636
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets at FVTOCI	**576,073**	1,627,067
Total other comprehensive income for the year	**576,073**	1,627,067
Total comprehensive income for the year	**15,374,124**	4,706,703

The notes set out on pages 9 to 33 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

All amounts are in Kuwaiti Dinars

	Notes	2021	2020
ASSETS			
Non-current assets			
Financial assets at FVTOCI	10	**24,534,809**	22,724,410
Investment properties under development	11	**556,014**	1,208,130
Investment properties	12	**1,163,448**	1,789,470
		26,254,271	25,722,010
Current assets			
Receivables and other assets	13	**680,688**	318,415
Due from related parties	20	**1,437,507**	-
Financial assets at FVTPL	14	**44,651,586**	28,684,464
Cash and cash equivalents	15	**1,194,340**	1,839,931
		47,964,121	30,842,810
Total assets		**74,218,392**	56,564,820
Equity and liabilities			
Equity			
Share capital	16	**3,352,797**	2,579,075
Statutory reserve	17	**4,203,210**	4,203,210
Voluntary reserve	17	**4,203,210**	4,203,210
Treasury shares		**(13,399)**	(13,399)
Cumulative changes in fair value		**6,024,231**	5,404,281
Retained earnings		**49,032,673**	35,436,587
		66,802,722	51,812,964
Liabilities			
Non-current liabilities			
Wakala payable	18	**4,037,600**	1,600,000
Provision for employees' end of service benefits		**53,843**	111,122
		4,091,443	1,711,122
Current liabilities			
Wakala payable	18	**374,726**	400,000
Due to related parties	20	**675,960**	763,450
Payables and other liabilities	19	**2,273,541**	1,877,284
		3,324,227	3,040,734
Total liabilities		**7,415,670**	4,751,856
Total equity and liabilities		**74,218,392**	56,564,820

Hamed Mohammed Al-Aiban
Chairman

The notes set out on pages 9 to 33 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

All amounts are in Kuwaiti Dinars

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Cumulative changes in fair value KD	Retained earnings KD	Total KD
Balance at 1 January 2021	**2,579,075**	**4,203,210**	**4,203,210**	**(13,399)**	**5,404,281**	**35,436,587**	**51,812,964**
Transactions with owners:							
Issue of bonus shares (note 16)	**773,722**	-	-	-	-	**(773,722)**	-
Dividend distribution (note 16)	-	-	-	-	-	**(384,366)**	**(384,366)**
Total transactions with owners	**773,722**	-	-	-	-	**(1,158,088)**	**(384,366)**
Profit for the year	-	-	-	-	-	**14,798,051**	**14,798,051**
Other comprehensive income for the year	-	-	-	-	**576,073**	-	**576,073**
Total comprehensive income for the year	-	-	-	-	**576,073**	**14,798,051**	**15,374,124**
Loss on sale of financial assets at FVTOCI	-	-	-	-	**43,877**	**(43,877)**	-
Balance as at 31 December 2021	**3,352,797**	**4,203,210**	**4,203,210**	**(13,399)**	**6,024,231**	**49,032,673**	**66,802,722**
Balance at 1 January 2020	1,719,383	4,203,210	4,203,210	(13,399)	1,514,091	35,821,439	47,447,934
Transactions with owners:							
Issue of bonus shares (note 16)	859,692	-	-	-	-	(859,692)	-
Dividend distribution (note 16)	-	-	-	-	-	(341,673)	(341,673)
Total transactions with owners	859,692	-	-	-	-	(1,201,365)	(341,673)
Profit for the year	-	-	-	-	-	3,079,636	3,079,636
Other comprehensive income for the year	-	-	-	-	1,627,067	-	1,627,067
Total comprehensive income for the year	-	-	-	-	1,627,067	3,079,636	4,706,703
Loss on sale of financial assets at FVTOCI	-	-	-	-	2,263,123	(2,263,123)	-
Balance as at 31 December 2020	2,579,075	4,203,210	4,203,210	(13,399)	5,404,281	35,436,587	51,812,964

The notes set out on pages 9 to 33 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021 — All amounts are in Kuwaiti Dinars

	2021	2020
OPERATING ACTIVITIES		
Profit for the year	**14,798,051**	3,079,636
Adjustments for:		
Provision for employees' end of service benefits	**6,991**	10,415
Change in fair value of financial assets at FVTPL	**(14,225,651)**	(2,163,460)
Gain on sale of financial assets at FVTPL	**(112,425)**	(20,385)
Dividend income	**(648,391)**	(2,224,339)
Change in fair value of investment properties under development	**(95,656)**	43,932
Gain on sale of investment properties under development	**(685,510)**	-
Change in fair value of investment properties	**626,022**	-
Provision for doubtful debts	**89,023**	1,424,810
Borrowing costs	**114,407**	-
	(133,139)	150,609
Changes in operating assets and liabilities:		
Receivables and other assets	**(455,521)**	106,730
Payables and other liabilities	**308,767**	77,303
Employees' end of service benefits paid	**(64,270)**	-
Net cash (used in)/from operating activities	**(344,163)**	334,642
INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	**(55,776,520)**	(5,162,339)
Proceeds from sale of financial assets at FVTPL	**54,147,474**	4,307,394
Purchase of financial assets at FVTOCI	**(1,253,250)**	(2,720,701)
Proceeds from sale of financial assets FVTOCI	**18,924**	2,000,497
Dividend income received	**648,391**	926,066
Net cash used in investing activities	**(2,214,981)**	(649,083)
FINANCING ACTIVITIES		
Net movement in wakala payables	**2,412,326**	2,000,000
Borrowing costs paid	**(114,407)**	-
Dividends paid to shareholders	**(384,366)**	(259,147)
Net cash from financing activities	**1,913,553**	1,740,853
Net (decrease)/increase in cash and cash equivalents	**(645,591)**	1,426,412
Cash and cash equivalents at the beginning of the year	**1,839,931**	413,519
Cash and cash equivalents at the end of the year	**1,194,340**	1,839,931
Non-cash transactions:		
Due from related parties	**(1,433,282)**	-
Investment properties under development	**1,433,282**	-
Dividend income	**-**	(1,298,273)
Accrued dividend income	**-**	1,298,273

The notes set out on pages 9 to 33 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 All amounts are in Kuwaiti Dinars

1 INCORPORATION AND ACTIVITIES

Kuwait International Investment Holding Company - KPSC ("the Company") was incorporated in accordance with the Amiri Decree issued on 22 September 1973, and Memorandum of Incorporation of a Kuwaiti Shareholding Company, authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department in the State of Kuwait under Ref. No. 1008/H/ Volume 2 dated September 13, 1973 and its subsequent amendments, in which the latest was notarised in the Commercial Register on 26 October 2020.

The Company's activities are as follows:

- Management of the Company's subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities.
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.

The Company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The Company is authorized to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the Company in achieving its objectives whether in Kuwait or abroad. The company has the right to establish, participate in or acquire such institutions.

The Company's registered address is P.O. Box 22792 – Safat 13088, State of Kuwait.

The Company's Board of Directors approved these financial statements for issue on 26 May 2022. The general assembly of the Company's shareholders has the power to amend these financial statements after issuance.

2 BASIS OF PREPARATION

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

The financial statements are presented in Kuwaiti Dinars ("KD").

The Company has elected to present the "statement of comprehensive income" in two statements: the "statement of profit or loss" and a "statement of profit or loss and other comprehensive income".

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

All amounts are in Kuwaiti Dinars

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

4 CHANGES IN ACCOUNTING POLICIES

4.1 New and amended standards adopted by the Company

No new amendments or standards were effective for the current reporting period except for the extension of the IFRS 16 amendment discussed below.

Amendment to IFRS 16 - COVID-19-Related Rent Concessions beyond 30 June 2021

The IFRS 16 Leases amendment relate to Covid19 Rent Related Concessions that has been extended until 30 June 2022. The practical expedient allows lessees to elect to not carry out an assessment to decide whether a COVID-19-related rent concession received is a lease modification. The lessee is permitted to account for the rent concession as if the change is not a lease modification.

4.2 IASB Standards issued but not yet effective

At the date of authorisation of this financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial information.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 3 Amendment – Reference to the conceptual framework	1 January 2022
IAS 1 Amendments- Classification of current and non-current	1 January 2023
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023
IAS 16 – Amendments – Proceeds before intended use	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 All amounts are in Kuwaiti Dinars

4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

4.2 IASB Standards issued but not yet effective (continued)

IFRS 3 – Reference to the conceptual framework

The amendments add a requirement that, for obligations within the scope of IAS 37, 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. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Company's financial statements.

IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Company's financial statements.

IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Company's financial statements.

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 provide an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Company's financial statements.

IAS 16 Amendments - Proceeds before intended use

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

Management does not anticipate that the adoption of the amendment in the future will have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

All amounts are in Kuwaiti Dinars

4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

4.2 IASB Standards issued but not yet effective (continued)

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies 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. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Amendment to IFRS 9 relates to the '10 per cent' Test for Derecognition of Financial Liabilities – In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that 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.

Amendment to IFRS 16 avoids the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

Amendment to IAS 41 removes the requirement in IAS 41.22 to exclude taxation cash flows when measuring fair value. This amendment aligns the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Company's financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and measurements bases adopted in the preparation of the financial statements are summarised below:

5.1 Rental income

Rental income arising from investment properties is accounted for on a straight-line basis over the lease term.

5.2 Dividend income

Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

5.3 Interest and similar income

Interest and similar income are recognised on accrual basis using the effective interest method

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 All amounts are in Kuwaiti Dinars

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.4 Operating expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5.5 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in Borrowing costs.

5.6 Taxation
5.6.1 Kuwait Foundation for the Advancement of Sciences (KFAS)
The contribution to KFAS is calculated at 1% of taxable profit of the Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiaries and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.6.2 Zakat
Contribution to Zakat is calculated at 1% of the profit of the Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

For the year ended 31 December 2021, the Company has no liability towards KFAS and Zakat due to tax losses.

5.7 Investment properties
Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period in which they arise. Fair values are estimated by management with the assistance of valuation provided by accredited external valuers.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

5.8 Investment properties under development
Investment properties under development represents property held for future use as investment property and is initially measured at cost. Subsequently, property under development are carried at fair value that is determined based on valuation performed by independent valuer at the end of each year using valuation methods consistent with the market conditions at the reporting date. Gains or losses from change in the fair value are recognised in the statement of profit or loss.

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5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.8 Investment properties under development (continued)

If the Company determines that the fair value of an investment property under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Company measures that property under development at cost until either its fair value become reliably determinable or development is completed (whichever is earlier).

Investment properties under development are classified as non-current assets, unless otherwise specified.

5.9 Leases

The Company as a lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.
- The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

Right-of-use asset

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Subsequent to initial measurement, the Company accounts for its right-of-use assets as investment properties carried at fair value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value is immediately recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.9 Leases (continued)

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company as a lessor

The Company enters into lease agreements as a lessor with respect to some of its investment properties. The Company classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contacts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.,

Rental income from operating leases is recognised on a straight-line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight-line basis over the lease term.

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding for the finance lease.

5.10 Impairment testing of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.10 Impairment testing of non-financial assets(continued)

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.11 Financial instruments

5.11.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of group of similar financial assets) is primarily derecognised when:

- rights to receive cash flows from the assets have expired;
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset or
(b) the Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of profit or loss.

5.11.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive (FVTOCI)

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5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.11 Financial instruments (continued)

5.11.2 Classification of financial assets(continued)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

The Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (Note 5.11.3); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. In this period presented, no such irrevocable designation has been made.

5.11.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Company's financial assets at amortised cost comprise of the following:

a. Cash and cash equivalents

Cash and cash equivalent represent bank balance and time deposits placed with financial institutions with a maturity of less than three months.

b. Receivables and other financial assets

Trade receivable are stated at original invoice amount less allowance for impairment.

c. Due from related parties

Due from related parties are financial assets originated by the Company by providing money/assets directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

Receivables which are not categorised under any of the above are classified as "Other assets".

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5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.11 Financial instruments (continued)

5.11.3 Subsequent measurement of financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Company's financial assets at FVTPL comprise of investments in equity shares in quotes securities.

Financial assets at FVTOCI

The Company's financial assets at FVTOCI comprise of investments in managed portfolios and funds and unquoted equity participation.

On initial recognition, the Company may make irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designate at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss is transferred to retained earnings within the statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the statement of profit or loss.

5.11.4 Impairment of financial assets

All financial assets except for those at FVTPL and equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.11 Financial instruments (continued)

5.11.4 Impairment of financial assets (continued)

The Company recognises a loss allowance for expected credit losses ("ECL") on financial assets at amortised cost or at FVTOCI.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company always recognises lifetime ECL for receivables and related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognises an impairment gain or loss in the statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.11 Financial instruments (continued)

5.11.5 Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include wakala payable and other liabilities.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

These are stated at amortised cost using effective interest rate method. The Company categorises financial liabilities other than at FVTPL into the following categories:

Wakala payable

Wakala payable represent borrowings under Islamic principles, whereby the Company receives funds for the purpose of financing its investment activities and are stated at amortised cost. Deferred borrowing costs are expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

Payables and other liabilities

Payables and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Due to related parties

Due to related parties are financial liabilities arising in the normal courses of the business and are not quoted in an active market.

5.12 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

5.13 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.14 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 21.3

NOTES TO THE FINANCIAL STATEMENTS

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5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.15 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Statutory reserve comprises appropriations of prior period profits in accordance with the requirements of the commercial companies' law and the Company's Articles of Association.

Cumulative change in fair value comprises gains and losses relating to financial assets at fair value through other comprehensive income.

Retained earnings includes all current and prior period accumulated losses and retained profits. All transactions with owners of the Company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

5.16 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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

Contingent liabilities are not recognised in the statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

5.17 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Company entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the statement of profit or loss and "financial assets at fair value through other comprehensive income" are reported as part of the cumulative change in fair value reserve within other comprehensive income.

In the Company's financial statements, all assets, liabilities and transactions of Company entities with a functional currency other than the KD are translated into KD.

NOTES TO THE FINANCIAL STATEMENTS

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5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.18 End of service indemnity

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

In addition to the end of service benefits with respect to its Kuwaiti national employees, the Company also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

6 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1 Significant management judgments

In the process of applying the Company's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the financial statements:

6.1.1 Business model assessment

The Company classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 5.11). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

6.1.2 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the statement of profit or loss.

The Company classifies property as trading property if it is acquired principally for sale in the ordinary course of business. And if such properties are under development with an intention of being sold in future they are classified under trading properties under development.

The Company classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use. And if such properties are under development they are classified under investment properties under development.

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6 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

6.2 Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

6.2.1 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Company based these estimates using reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

6.2.2 Fair value of financial instruments

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Company based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

An estimate of the collectible amount of trade accounts receivable 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.

6.2.3 Revaluation of investment properties and investment properties under development

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Where the Company determines that the fair value of an investment properties under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Company measures these investment properties under development at cost until either its fair value become reliably determinable or development is completed (whichever is earlier). When the fair value becomes reliably measurable, the fair value of such properties may vary from the actual cost.

7 RENTAL INCOME

Rental income includes an amount of KD1,110,675 (31 December 2020: KD1,164,291) arising from management of a building leased in accordance with an agreement with the Ministry of Finance – State's Properties Management Department for a fixed annual consideration payable to the Ministry. The agreement expired on 22 October 2010. However, the Company paid the rent due for utilizing the property up to 22 October 2022, in accordance with the original agreement signed with the Ministry of Finance - State Property Management Department. The Company continues to manage the property pending renewal of the agreement.

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8 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed based on profit for the year divided by the weighted average number of shares outstanding during the year after excluding treasury shares as follows:

	2021	2020
Profit for the year	**14,798,051**	3,079,636
Weighted average number of shares outstanding during the period (excluding treasury shares)	**33,527,969**	33,527,969
Basic and diluted earnings per share (Fils)	**0.44**	0.09

Basic and diluted earnings per share reported for the year ended 31 December 2020 was 120 Fils before the retroactive adjustment relating to issue of bonus shares (note 16). There were no potential dilutive shares.

9 NET GAIN/(LOSS) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Net gain/(loss) on financial assets and financial liabilities, analysed by category, is as follows:

	2021	2020
Financial assets at fair value through profit or loss (FVTPL):		
- Change in fair value of financial assets at FVTPL	**14,225,651**	2,163,460
- Gain on sale of financial assets at FVTPL	**112,425**	20,385
- Dividend income	**119,861**	250,692
Financial assets at fair value through other comprehensive income (FVTOCI):		
- Change in fair value recognised directly in other comprehensive income	**576,073**	1,627,067
- Dividend income recognised directly in statement of profit or loss	**528,530**	1,973,647
Financial assets at amortised cost:		
- Provision for doubtful debts	**(89,023)**	(1,424,810)
Financial liabilities at amortised cost:		
- Borrowing costs	**(114,407)**	-
	15,359,110	4,610,441
Net gain recognised in the statement of profit or loss	**14,783,037**	2,983,374
Net gain recognised in the statement of profit or loss and other comprehensive income	**576,073**	1,627,067
	15,359,110	4,610,441

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10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
Quoted securities	**177,204**	120,760
Managed funds and portfolios	**6,081,177**	5,268,132
Unquoted securities	**18,276,428**	17,335,518
	24,534,809	22,724,410

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the Company has elected to designate these investments in equity instruments as at FVTOCI as it believes that recognising short-term fluctuations in the fair value of these investments in statement of profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Financial assets at FVTOCI include an investment in a portfolio amounting to KD366,089 (31 December 2020: KD207,465) managed by a related party.

Financial assets at FVTOCI include an investment in a portfolio amounting to KD5,699,328 (31 December 2020: KD5,051,169) pledged against wakala payables (note 18).

11 INVESTMENT PROPERTIES UNDER DEVELOPMENT

The Company jointly owns a right of use of a real estate property in Kuwait. The owners of the right of use include related parties, and the property is managed by a related party. The Company's aggregate share in the right of use is 10.983%.

During the year, the property manager sub-divided the property into a number of plots of land for the purpose of sale and construction of a resort up to the reporting date. The property manager sold a number of plots of land up to the reporting date including 6 plots to the related parties. The aggregate sales consideration amounted to KD13,050,000 (including KD3,000,000 from related parties) which resulted into a total gain of KD5,385,800. The Company's share of the sales consideration and the gain amounted to KD1,433,282 and KD685,510, respectively. As of the date of issuing of these financial statements, the formalities to transfer sold plots into the name of the buyers are in progress.

The fair value of the investment has been determined based on an appraisal performed by an independent, professionally qualified property valuer. The appraisal was carried out using market comparison approach and is categorized as level 2 under the fair value hierarchy as at 31 December 2021 and 2020.

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12 INVESTMENT PROPERTIES

This represents 64.2% share in a property located in Dubai - United Arab Emirates. The property was acquired for USD5,898,755 (equivalent to KD1,791,240) pursuant to a sale and purchase agreement dated 28 October 2015 between the Company and a related party. As per the sale and purchase agreement, the property's title deed will continue to be registered under the seller's name. However, both the buyer and the seller retained a repurchase and resale right (call and put option) which expired on 31 December 2021 at an amount equal to the carrying value of the property.

Upon expiry on 31 December 2021, the agreement has not been renewed. Accordingly, management obtained an independent valuation for the property and recognized a loss of KD626,022. The property continued to be in the name of the seller who have given an undertaking that it is held for and on behalf of the Company. Further, the property is managed by the seller in return for 5% (2020: 7%) of the original purchase price as an annual rate of return, payable to the Company every three months.

13 RECEIVABLES AND OTHER ASSETS

	2021	2020
Financial assets:		
Tenants receivables	**658,457**	590,613
Provision for doubtful debts	**(455,726)**	(366,703)
	202,731	223,910
Dividend receivable	**1,298,276**	1,298,273
Provision for doubtful debts	**(1,298,276)**	(1,298,273)
	202,731	223,910
Others	**49,212**	57,273
	251,943	281,183
Non-financial assets:		
Prepaid expenses	**424,664**	31,183
Others	**4,081**	6,049
	428,745	37,232
	680,688	318,415

The movement in the provision for doubtful debt is as follows:

	2021	2020
Balance at the beginning of the year	**1,664,976**	240,166
Charged during the year	**89,026**	1,424,810
Balance at the end of the year	**1,754,002**	1,664,976

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14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
Quoted securities	**30,552,436**	18,756,823
Managed funds and portfolios	**9,797,669**	5,627,153
Unquoted securities	**4,301,481**	4,300,488
	44,651,586	28,684,464

Financial assets at FVTPL include an investment in a portfolio amounting to KD9,797,669 (31 December 2020: KD5,627,153) pledged against wakala payables (note 18).

15 CASH AND CASH EQUIVALENTS

	2021	2020
Cash on hand and at banks	**831,456**	1,262,094
Cash at portfolios managed by others	**362,884**	577,837
	1,194,340	1,839,931

16 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of the shareholders of the Company held on 24 June 2021 approved the financial statements of the Company for the year ended 31 December 2020. The general assembly also approved the increase of the authorised and paid up share capital from KD2,579,075 (represented by 25,790,745 shares of 100 fils each) to KD3,352,797 (represented by 33,527,969 Shares of 100 fils) through issue of bonus shares amounting to KD773,722, to distribute dividends of 15% of the share capital and to pay the board of directors an amount of KD40,000 as remuneration for the year ended 31 December 2020 which has been expensed in the statement of profit or loss and other comprehensive income for the current period under "general and administrative expenses".

The Annual General Assembly of the shareholders of the Company held on 29 July 2020 approved the financial statements of the Company for the year ended 31 December 2019. The general assembly also approved the increase of the authorised and paid up share capital from KD1,719,383 (represented by 17,193,830 shares of 100 fils each) to KD2,579,075 (represented by 25,790,745 Shares of 100 fils) through issue of bonus shares amounting to KD859,692,to distribute dividends of 20% of the share capital amounting to KD341,530 and to pay the board of directors an amount of KD40,000 as remuneration for the year ended 31 December 2019 which has been expensed in the statement of profit or loss and other comprehensive income for the current period under "general and administrative expenses".

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17 STATUTORY AND VOLUNTARY RESERVES

As required by the Companies Law and the Company's Articles of Association, 10% of the profit before provision for contribution to KFAS and Zakat is transferred to the statutory reserve until the balance reaches 50% of the Company's issued and paid-up capital. Any transfer to the statutory reserve thereafter is subject to approval of the general assembly.

Distribution of the statutory 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 retained earnings are not sufficient for the distribution of a dividend of that amount. No transfer is required in a year in which losses are made.

In accordance with the Company's Articles of Association, a certain percentage of the profit before contribution to KFAS and Zakat provision is to be transferred to the voluntary reserve at the discretion of the Board of Directors which is to be approved at the General Assembly.

18 WAKALA PAYABLE

On 21 December 2020, the Company entered into a KD5,000,000 Wakala contract with a local Islamic bank for a period of 6 years, carrying annual borrowing cost of 2.250% above Central Bank of Kuwait (CBK) discount rate. The Company utilised KD2,000,000 during the previous year and an additional KD2,600,000 during the current year. 48% of the loan is repayable on semi-annual instalments starting from June 2021 and 52% balloon repayment at the end of the six years. The instalments due in the next twelve months is shown under current liabilities.

The facility is secured by pledge of financial assets at FVTOCI of KD5,699,328 (31 December 2020: KD5,051,169) (note 10) and financial assets at FVTPL of KD9,797,669 (31 December 2020: KD5,627,153) (note 14).

19 PAYABLES AND OTHER LIABILITIES

	2021	2020
Accrued expenses	**104,218**	66,119
Unearned income	**65,777**	-
KFAS payable	**1,369,591**	1,218,625
Zakat payable	**275,214**	220,556
Other payable	**458,741**	371,984
	2,273,541	1,877,284

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20 RELATED PARTY TRANSACTIONS

The Company has entered into various transactions with related parties, i.e. shareholders, board of directors' members, key management personnel and other related parties. Prices and terms of payment are approved by the Company's management. Significant related party balances and transactions are as follows:

Details of significant related party transactions and balances are as follows:

	Major shareholders KD	**Other related parties KD**	**Total 31 Dec. 2021 (Unaudited) KD**	Total 31 Dec. 2020 (Audited) KD
Balances included in the statement of financial position:				
Financial assets at FVTOCI	**366,089**	**1,761,829**	**2,127,918**	1,357,374
Financial assets at FVTPL	**24,083,411**	**-**	**24,083,411**	17,711,814
Investment properties	**-**	**1,163,448**	**1,163,448**	1,789,470
Due from related parties	**1,437,507**	**-**	**1,437,507**	-
Due to related parties	**(675,960)**	**-**	**(675,960)**	(763,450)

	2021 KD	2020 KD
Amounts included in the statement of profit or loss:		
Rental income, net	**(55,977)**	(18,463)
Change in fair value of investments at FVTPL	**9,342,162**	1,116,336
Change in fair value of investment properties	**(626,022)**	-
Gain on sale of investment properties under development	**149,513**	-
General and administrative expenses	**(297,520)**	(272,590)

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21 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY AND FAIR VALUE MEASUREMENT

21.1 Categories of financial assets and financial liabilities

The carrying amounts of the Company's financial assets and financial liabilities as stated in the statement of financial position may also be categorized as follows:

	2021	2020
Financial assets:		
At amortised cost:		
Receivables and other assets (note 13)	**251,943**	281,183
Due from related parties	**1,437,507**	-
Cash and cash equivalents	**1,194,340**	1,839,931
	2,883,790	2,121,114
At fair value:		
Financial assets at FVTPL	**44,651,586**	28,684,464
Financial assets at FVTOCI	**24,534,809**	22,724,410
	69,186,395	51,408,874
Total financial assets	**72,070,185**	53,529,988
Financial liabilities:		
At amortised cost:		
Wakala payables	**4,412,326**	2,000,000
Due to related parties	**675,960**	763,450
Payables and other liabilities	**2,273,541**	1,877,284
	7,361,827	4,640,734

21.2 Fair value measurement

Fair value represents 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. Financial assets at fair value though profit or loss and financial assets at fair value through other comprehensive income are carried at fair value and measurement details are disclosed in Note 21.3 to the financial statements. In the opinion of the Company's management, the carrying amounts of all financial assets and liabilities which are at amortised costs is considered a reasonable approximation of their fair values.

The Company also measures non-financial asset such as investment properties at fair value at each annual reporting date.

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21 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY AND FAIR VALUE MEASUREMENT (CONTINUED)

21.3 Fair value hierarchy for financial instruments measured at fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the statement of financial position are grouped into the fair value hierarchy as follows;

	Note	Level 1	Level 2	Level 3	Total
		KD	KD	KD	KD
At 31 December 2021					
Assets at fair value					
Financial assets at FVTPL					
- Quoted securities	**a**	**30,552,436**	**-**	**-**	**30,552,436**
- Managed funds and portfolios	**c**	**9,797,669**	**-**	**-**	**9,797,669**
- Unquoted securities	**b**	**-**	**29,860**	**4,271,621**	**4,301,481**
Financial assets at FVTOCI					
- Quoted securities	**a**	**177,204**	**-**	**-**	**177,204**
- Managed funds and portfolios	**c**	**6,065,416**	**15,761**	**-**	**6,081,177**
- Unquoted securities	**b**	**-**	**-**	**18,276,428**	**18,276,428**
		46,592,725	**45,621**	**22,548,049**	**69,186,395**
At 31 December 2020					
Assets at fair value					
Financial assets at FVTPL					
- Quoted securities	a	18,756,823	-	-	18,756,823
- Managed funds and portfolios	c	5,627,153	-	-	5,627,153
- Unquoted securities	b	-	16,175	4,284,313	4,300,488
Financial assets at FVTOCI					
- Quoted securities	a	120,760	-	-	120,760
- Managed funds and portfolios	c	5,258,636	9,496	-	5,268,132
- Unquoted securities	b	-	-	17,335,518	17,335,518
		29,763,372	25,671	21,619,831	51,408,874

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21 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY AND FAIR VALUE MEASUREMENT (CONTINUED)

21.3 Fair value hierarchy for financial instruments measured at fair value (continued)

Measurement at fair value

The Company's finance team performs valuations of financial instruments for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair values, are unchanged compared to the previous reporting year.

Financial instruments in level 1 and level 3

a) Quoted securities

Quoted securities represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1).

b) Unquoted securities

The financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using discounted cash flow model or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

c) Managed funds and portfolios

The underlying investments in local and foreign managed funds and portfolios mainly represent local and foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the specialised investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

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21 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY AND FAIR VALUE MEASUREMENT (CONTINUED)

Level 3 Fair value measurements

The Company's measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The impact on profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	Financial assets at FVTPL	
	2021	2020
	KD	KD
Opening balance	**4,284,313**	4,209,670
Disposal	**(2,102)**	-
Change in fair value	**(10,590)**	74,643
Closing balance	**4,271,621**	4,284,313

	Financial assets at FVTOCI	
	2021	2020
	KD	KD
Opening balance	**17,335,520**	12,718,722
Additions	**1,194,065**	2,677,962
Change in fair value	**(253,157)**	1,938,834
Closing balance	**18,276,428**	17,335,518

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22 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprise of wakala payable, payables and other liabilities. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as cash and cash equivalents, receivable and other asset which arise directly from operations.

The Company's activities expose it to variety of financial risks: market risk, credit risk and liquidity risk.

The Company's board of directors manages each of the risks discussed below.

The Company does not use derivative financial instruments.

The most significant financial risks to which the Company is exposed are described below:

22.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the value of monetary financial instruments will fluctuate due to changes in foreign exchange rates. As at the reporting date the Company does not have any significant exposure to foreign currency denominated monetary assets or monetary liabilities and therefore, the Company is not exposed to any significant foreign currency risks.

b) 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 Company has no significant interest-bearing liabilities other than wakala payable which is at floating interest rate. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The board monitors the interest rate risk by setting limits.

The following table illustrates the sensitivity of the profit for the year to a reasonably possible change in interest rates of +1% and –1% (31 December 2020: +1% and –1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition.

The calculations are based on the Company's financial instruments held at each reporting date. All other variables are held constant. There is no direct impact on the Company's equity:

	31 Dec. 2021		31 Dec. 2020	
	+1%	**-1%**	+1%	-1%
	KD	**KD**	KD	KD
Profit for the year	**(415,102)**	**415,102**	(416,000)	416,000

There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

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22 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

22.1 Market risk (continued)

c) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Company is exposed to equity price risk with respect to its listed equity investments, which are primarily located in Kuwait. Equity investments are classified as financial assets at FVTPL and financial assets at FVTOCI.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolios.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 5% higher/lower, the effect on the profit and other comprehensive income for the years ended 31 December 2021 and 2020 would have been as follows:

A positive number below indicates an increase in profit and increase in the other comprehensive income where the equity prices increase by 5%. All other variables are held constant.

	Profit for the year		Other comprehensive income	
	2021 KD	2020 KD	**2021 KD**	2020 KD
Financial assets at FVTPL	**1,527,622**	937,841	**-**	-
Financial assets at FVTOCI	**-**	-	**8,860**	6,038

For a 5% decrease in the equity prices, there would be an equal and opposite impact on the profit for the year, and balances shown above would be negative.

22.2 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 Company's exposure to credit risk is monitored on an ongoing basis.

The Company's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	2021 KD	2020 KD
Financial assets at FVTOCI	**24,534,809**	22,724,410
Receivables and other assets (note 13)	**251,943**	281,183
Due from related parties	**1,437,507**	-
Financial assets at FVTPL	**44,651,586**	28,684,464
Cash and cash equivalents	**1,193,340**	1,838,931
	72,069,185	53,528,988

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22 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

22.2 Credit risk (continued)

The Company monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The Company is not exposed to any significant credit risk exposure to any single counterparty. It is the Company's policy to measure such instruments on a 12-month ECL basis. However, the ECL provision on these balances are not material to the Company's financial statements.

The credit risk for bank balances and cash at portfolios managed by others, receivables and other assets is considered negligible, since the counterparties are with high credit quality and no history of default.

22.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The table below summarises the contractual maturity of financial liabilities based on undiscounted cash flows:

	Up to 1 month KD	1-3 months KD	3-12 months KD	More than 1 year	Total KD
31 DECEMBER 2021					
Financial liabilities					
Provision for employees' end of service indemnity	**-**	**-**	**-**	**53,843**	**53,843**
Wakala payable	**-**	**-**	**374,726**	**4,037,600**	**4,412,326**
Due to related parties	**-**	**7,032**	**668,928**	**-**	**675,960**
Payables and other liabilities	**-**	**73,250**	**2,200,291**	**-**	**2,273,541**
	-	**80,282**	**3,243,945**	**4,091,443**	**7,415,670**
31 DECEMBER 2020					
Financial liabilities					
Provision for employees' end of service indemnity	-	-	-	111,122	111,122
Wakala payable	-	-	400,000	1,600,000	2,000,000
Due to related parties	-	-	763,450	-	763,450
Payables and other liabilities	-	-	1,877,284	-	1,877,284
	-	-	3,040,734	1,711,122	4,751,856

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23 CAPITAL MANAGEMENT OBJECTIVES

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to provide adequate return to its shareholders through optimisation of the capital structure.

The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, buy back treasury shares, issue new shares or sell assets to reduce debt. The Company's management monitors the return on capital.

24 EFFECT OF COVID-19

The outbreak of Coronavirus ("COVID19") pandemic and related global responses caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local markets experienced significant volatility and weakness during the pandemic. While the pandemic has now been largely controlled with measures from governments and central banks with various financial packages and reliefs designed to stabilise economic conditions.

Management updated its assumptions with respect to judgements and estimates on various account balances which may still be potentially impacted due to the lingering effects. The assessment did not result into any significant impact on the financial statements. Management continues to closely monitor the market trends, its supply-chain, industry reports and cash flows to minimise any future negative impact on the Company.