SECURITIES GROUP COMPANY K.S.C. (CLOSED)
AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
WITH
INDEPENDENT AUDITORS' REPORT

SECURITIES GROUP COMPANY K.S.C. (CLOSED)
AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022
WITH
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Securities Group Company K.S.C. (Closed) and its subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Securities Group Company K.S.C. (Closed) ("the Parent Company") and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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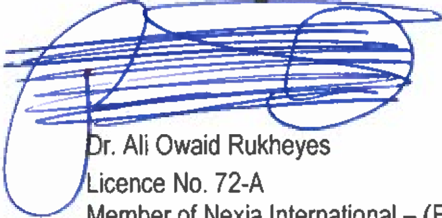
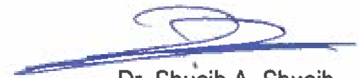
Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended March 31, 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware, of any material violations, during the financial year ended March 31, 2022, of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the Organization of the Banking Business, and its related regulations. Also, in our opinion, we have not become aware of any material violations of Law No. 7 of 2010 concerning the Capital Markets Authority and the Organization of Security Activity, and its subsequent amendments and its Executive Regulations during the financial year ended March 31, 2022, that might have had a material effect on the business of the Parent Company or on its financial position.





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State of Kuwait
May 9, 2022

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	**2022**	2021
Cash on hand and at banks		**14,175,150**	13,275,055
Financial assets at fair value through profit or loss ("FVTPL")		**-**	423,729
Accounts receivable and other debit balances	3	**1,443,777**	813,168
Financial assets at fair value thought other comprehensive income ("FVOCI")	4	**44,730,502**	29,530,596
Investment in associates	5	**9,893,694**	10,276,470
Debt instruments at amortized cost	6	**14,042,904**	13,999,158
Investment properties	7	**15,522,960**	21,997,183
Total assets		**99,808,987**	90,315,359
LIABILITIES AND EQUITY			
Liabilities:			
Loans	8	**28,615,257**	27,514,862
Loans from a related party	9	**14,000,000**	8,900,000
Accounts payable and other credit balances	10	**2,273,929**	2,756,278
Total liabilities		**44,889,186**	39,171,140
Equity:			
Capital	11	**20,000,000**	20,000,000
Share premium		**3,046,592**	3,046,592
Treasury shares reserve		**3,052**	3,052
Statutory reserve	12	**12,769,186**	12,769,186
Voluntary reserve	13	**4,405,892**	4,405,892
Other reserves		**324,416**	328,754
Foreign currency translation adjustments		**893,431**	852,207
Fair value reserve		**4,928,364**	2,361,860
Retained earnings		**8,483,375**	7,311,742
Equity attributable to the shareholders of Parent Company		**54,854,308**	51,079,285
Non-controlling interests		**65,493**	64,934
Total equity		**54,919,801**	51,144,219
Total liabilities and equity		**99,808,987**	90,315,359
Fiduciary assets	20	**2,768,298,090**	2,667,274,339

The accompanying notes from (1) to (27) form an integral part of the consolidated financial statements.

Khaled S. Al – Ali
Chairman

Ali Y. Al - Awadi
Vice Chairman and CEO

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in Kuwaiti Dinars)

	Note	2022	2021
Revenues:			
Net investment income	14	**1,327,305**	859,792
Fees and commission income	16	**2,013,677**	1,795,854
Interest income		**508,288**	881,197
Net rental income		**599,949**	532,362
Group's share of results from associates	5	**(227,815)**	(969,981)
Impairment loss on investment in associates	5	**-**	(129,173)
Gain on sale of unconsolidated subsidiaries		**-**	15,581
Gain on sale of investment properties	7	**286,990**	-
Provision for overseas tax no longer required	15	**-**	588,237
Foreign exchange (loss) gain		**(59,518)**	5,096
		4,448,876	3,578,965
Expenses and other charges:			
General and administrative expenses	17	**(1,716,377)**	(1,498,420)
Marketing Expenses		**(228,655)**	-
Finance charges	22	**(544,851)**	(551,339)
Net allowance for ECL no longer required (charge)	3 , 6	**48,863**	(152,640)
		(2,441,020)	(2,202,399)
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat and Board of Directors' remuneration		**2,007,856**	1,376,566
Contribution to KFAS		**(17,795)**	(13,763)
Zakat		**(10,845)**	(12,999)
Board of Directors' remuneration	18	**(25,000)**	(25,000)
Profit for the year		**1,954,216**	1,324,804
Attributable to:			
Shareholders of the Parent Company		**1,953,657**	1,324,490
Non-controlling interests		**559**	314
Profit for the year		**1,954,216**	1,324,804
Basic and diluted earnings per share:		**Fils**	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	19	**9.77**	6.39

The accompanying notes from (1) to (27) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in Kuwaiti Dinars)

	Note	2022	2021
Profit for the year		**1,954,216**	1,324,804
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive loss of associates	5	**(3,083)**	(3,536)
Exchange differences on translating foreign operations		**41,224**	(295,917)
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of financial assets at FVOCI		**2,566,504**	(2,204,650)
Transfer to retained earnings due to disposal of financial assets at FVOCI		**-**	1,145,180
Other comprehensive income(loss) for the year		**2,604,645**	(1,358,923)
Total comprehensive income(loss) for the year		**4,558,861**	(34,119)
Attributable to:			
Shareholders of the Parent Company		**4,558,302**	(34,433)
Non-controlling interests		**559**	314
Total comprehensive income(loss) for the year		**4,558,861**	(34,119)

The accompanying notes from (1) to (27) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the Shareholders of the Parent Company											
	Capital	Share premium	Treasury share reserve	Statutory reserve	Voluntary reserve	Other reserves	Foreign currency translation adjustments	Fair value reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance as at March 31, 2020	21,600,000	3,046,592	3,052	12,769,186	4,405,892	335,759	1,148,124	3,421,330	5,804,503	52,534,438	64,620	52,599,058
Capital reduction (Note 18 (d))	(1,600,000)	-	-	-	-	-	-	-	-	(1,600,000)	-	(1,600,000)
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	(3,469)	-	-	-	(3,469)	-	(3,469)
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	182,749	182,749	-	182,749
Total comprehensive (loss) income for the year	-	-	-	-	-	(3,536)	(295,917)	(1,059,470)	1,324,490	(34,433)	314	(34,119)
Balance as at March 31, 2021	20,000,000	3,046,592	3,052	12,769,186	4,405,892	328,754	852,207	2,361,860	7,311,742	51,079,285	64,934	51,144,219
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	(1,255)	-	-	-	(1,255)	-	(1,255)
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	217,976	217,976	-	217,976
Total comprehensive (loss) income for the year	-	-	-	-	-	(3,083)	41,224	2,566,504	1,953,657	4,558,302	559	4,558,861
Cash Dividends (Note 18 (c))	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Balance as at March 31, 2022	**20,000,000**	**3,046,592**	**3,052**	**12,769,186**	**4,405,892**	**324,416**	**893,431**	**4,928,364**	**8,483,375**	**54,854,308**	**65,493**	**54,919,801**

The accompanying notes from (1) to (27) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022
(All amounts are in Kuwaiti Dinars)

	Note	**2022**	2021
Cash flows from operating activities:			
Profit for the year before contribution to KFAS, Zakat and Board of Directors' remuneration		**2,007,856**	1,376,566
Adjustments for:			
Net investment income	14	**(1,327,305)**	(859,792)
Interest income		**(508,288)**	(881,197)
Group's share of results from associates	5	**227,815**	969,981
Impairment loss on investment in associates	5	**-**	129,173
Gain on sale of investment in unconsolidated subsidiaries		**-**	(15,581)
Gain on sale of investment properties	7	**(286,990)**	-
Provision for overseas tax no longer required	15	**-**	(588,237)
Foreign exchange loss (gain)		**59,518**	(5,096)
Finance charges	22	**544,851**	551,339
Net allowance for ECL (no longer required) charge	3 , 6	**(48,863)**	152,640
Cash follows generated from operating activities		**668,594**	829,796
Changes in operating assets and liabilities:			
Financial assets at FVTPL		**1,284,655**	3,618,796
Accounts receivable and other debit balances		**(422,324)**	(76,467)
Accounts payable and other credit balances		**(457,511)**	(68,871)
Net cash flows generated from operating activities		**1,073,414**	4,303,254
Cash flows from investing activities:			
Paid for purchase of financial assets at FVOCI		**(15,849,331)**	(3,722,020)
Proceeds from sale of financial assets at FVOCI		**3,433,905**	7,810,453
Purchase of additional investment in an associate	5	**(97,478)**	-
Proceeds from capital reduction of investment in an associate	5	**208,147**	506,360
Cash dividends received from investment in an associate	5	**51,088**	68,118
Proceeds from sale of investment in unconsolidated subsidiaries		**-**	200,000
Paid for purchase of debt instruments at amortized cost	6	**(4,000,000)**	-
Proceeds from redemptions of debt instruments at amortized cost	6	**4,000,000**	5,700,000
Proceeds from sale of investment properties	7	**6,820,171**	-
Interest income received		**390,734**	988,785
Dividends income received	14	**292,379**	334,220
Net cash flows (used in) generated from investing activities		**(4,750,385)**	11,885,916
Cash flows from financing activities:			
Loans		**1,100,395**	(9,253,171)
Loans from a related party		**5,100,000**	(4,414,900)
Cash dividends paid		**(956,893)**	(4,866)
Capital reduction		**(28,506)**	(1,611,652)
Finance charges paid		**(637,930)**	(866,312)
Net cash flows generated from (used in) financing activities		**4,577,066**	(16,150,901)
Net increase in cash on hand and at banks		**900,095**	38,269
Cash on hand and at banks at the beginning of the year		**13,275,055**	13,236,786
Cash on hand and at banks at the end of the year		**14,175,150**	13,275,055

The accompanying notes from (1) to (27) form an integral part of the consolidated financial statements.

1. Incorporation and principal activities

Securities Group Company K.S.C. (Closed) (the Parent Company) is a Kuwaiti Closed Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on October 18, 2020. The Parent Company's commercial registration number is 31846. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The principal activities of the Parent Company include:
- Trading in securities listed in Kuwait and the GCC
- Acting as custodian and managers of funds
- Conducting research and studies
- Providing financial and investment services
- Obtaining loans from the financial market, granting to others and acting as an intermediary in the lending and borrowing process
- Establishing and managing real estate portfolios for its clients inside and outside Kuwait
- Investment in real estate inside and outside Kuwait

The Parent Company is under the supervision of the Capital Markets Authority ("CMA") according to Law No. 7/2010 for investment companies and by the Central Bank of Kuwait ("CBK") for financing activities.

The consolidated financial statements were authorized for issue by the Board of Directors on May 9, 2022. The Shareholder's Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

(a) Basis of preparation

The accompanying consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ('IASB') and with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA").These regulations require adoption of all IFRSs as issued by IASB except for the measurement and disclosure requirements of expected credit losses (ECL) on credit facilities under IFRS 9: Financial Instruments. Accordingly, provision for credit losses on credit facilities is the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines, and the provisions required by the CBK rules on classification of credit facilities and calculation of their provisions as described under the accounting policy for impairment of financials assets. Significant accounting policies are summarized as follows:

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost convention, except for financial assets at FVTPL and financial assets at FVOCI are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(w).

Amendments on the applied standards
Amended IFRS standards that is effective for the current year are as follows:

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following amended International Financial Reporting Standard as at April 1, 2021:

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16:
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to interest rate, equivalent to a movement in a market rates.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments do not have any material impact on the consolidated financial statements.

Amendments to IFRS 16 – Covid-19 Related Rent Concessions
COVID-19-Related Rent Concessions, issued in May 2020, added paragraphs 46A, 46B, 60A, C20A and C20B. A lessee shall apply that amendment for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31 2021, the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021. These amendments do not have any material impact on the consolidated financial statements.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Revised IFRS standards in issue but not yet effective
At the date of authorization of these consolidated financial statements, the Group has not applied the following revised IFRS standards that have been issued but are not yet effective:

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued on March 29, 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. These amendments are not expected have any material impact on the consolidated financial statements.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in consolidated profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments are not expected to have a material impact on the Group.

Amendments to IAS 37 – Onerous Contracts: Costs of Fulfilling a Contract
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. These amendments are not expected to have a material impact on the Group.

Annual Improvements to IFRS Standards 2018-2020 cycle
The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
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. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. These amendments are not expected to have a material impact on the Group.

Amendments to IAS 1 Presentation of Financial Statements — Disclosure of Accounting Policies
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after I January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2021, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

Name of the subsidiary	Country of incorporation	Principal activities	Percentage of holding	
			2022	2021
Al Anoud Al Thahabiya Company W.L.L.	Kingdom of Saudi Arabia	Real Estate	**100%**	100%
North African Investment Company Limited	Cayman Islands	Investment	**100%**	100%
SG Real estate Company W.L.L..	Kuwait	Real Estate	**99%**	99%
Securities Group Morocco SARL AU	Morocco	Industrial	**100%**	100%
Al-Ataya International Foods Company K.S.C. (Closed)	Kuwait	Food	**75%**	75%

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the Group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries.

Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Financial instruments

The Group classifies its financial instruments as "Financial assets" and "Financial Liabilities". Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash on hand and at banks, financial assets at FVTPL, accounts receivable and other debit balances, financial assets at FVOCI, debt instruments at amortized cost, loans, loans from a related party and accounts payable and other credit balances.

(A) Financial assets

I. Classification of financial assets

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Groupdetermines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVTPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Initial recognition

Purchases and sales of those financial assets are recognized on settlement-date - the date on which the asset is delivered to or by the Group. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

Derecognition
A financial asset(in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Measurement categories of financial assets
The Group classifies its financial assets upon initial recognition into the following categories:
- Debt instruments at amortized cost.
- Financial assets at fair value through profit or loss (FVTPL).
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition.

Debt instruments at amortized cost
A financial asset is measured at amortized cost if it meets both of the following conditions:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Gain and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Amortized cost and effective interest method
The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating and recognizing interest revenue or interest expense in profit or loss over the relevant period. In general, effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Cash on hand and at banks, trade and other receivables and debt instruments at amortised cost are classified as debt instruments at amortized cost.

Trade receivables
Receivables are amounts due from customers for services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses.

Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVPL. Specifically:

- Investments in equity instruments are classified as at FVPL, unless the Group designates an equity investment as at FVTOCI on initial recognition (see above).

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Changes in fair value, gain on disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

The Group classifies investments in quoted equity investments under financial assets at FVTPL in the consolidated statement of financial position.

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they are neither held for trading nor a contingent consideration arising from a business combination. Such classification is determined on an instrument-by- instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

The Group classifies investments in quoted and unquoted equity investments under financial assets at FVOCI in the consolidated statement of financial position.

II. Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For accounts receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship, where applicable.

The Group's debt instruments at amortized cost comprise solely of unquoted bonds that are graded in the top investment category (Very Good and Good) by a rating agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

(B) <u>Financial liabilities</u>

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVPL or at amortized cost using effective interest rate method.

Financial liabilities at amortized cost

Financial liabilities that are not at FVTPL are measured subsequently at amortized cost using the effective interest method.

i) <u>Accounts payable</u>

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

ii) <u>Borrowings</u>

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

A financial liability is derecognized 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 recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

(C) Offsetting of financial assets and liabilities

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

d) Associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group accounted for its investment in associates based on audited financial statements of the associates as at December 31, 2021 with amendments for any material transactions for the period from January 1 up to March 31, 2022.

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate. Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired and determines if necessary, to recognize any impairment loss with respect to the investment. If this is the case, the entire carrying amount of the investment (including goodwill) is tested for impairment and the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining financial assets at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

e) <u>Investment properties</u>

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are re-measured at cost including purchase price and transactions costs less accumulated depreciation and impairment losses. Land on which the investment property is erected is not depreciated. Depreciation is computed on a straight-line basis over the useful life of the buildings for 20 years.

Investment properties are derecognized 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. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

f) <u>Impairment of non–financial assets</u>

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) <u>Provisions</u>

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

h) Provision for end of service indemnity
Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

i) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

j) Share premium
This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

k) Treasury shares
Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium.

Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

l) Other reserves
Other equity items are used to record the effect of changes in ownership interest in subsidiaries, without loss of control, the effect of changes in ownership interest in associates and other reserves.

m) Segment reporting
A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

n) Dividend distribution to shareholders
The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss. Distributions for the year that are approved after the reporting date are disclosed as an event after the date of the consolidated statement of financial position.

o) Leases

Group as a lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All other leases are classified as finance leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Finance lease

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(ii) Operating lease

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

p) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group applies a five-step model are as follows to account for revenue arsing from contracts:

- Step 1: Identify the contract with the customer – A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify the performance obligations in the contract – A performance obligation is a promise in a contract with the customer to transfer goods or services to the customer.
- Step 3: Determine the transaction price – The transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring promised good or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contracts – For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.
The Group recognizes revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time is met. The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the asset.
- The Customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The Customer has the significant risks and rewards of ownership of the asset.
- The Customer has accepted the asset.

Incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. Sales commission incurred by the Group is expensed as the amortization period of such costs is less than a year.

Revenue for the Group arises from the following activities:

i) Management fees
Management fees are recognized on a cash basis when the service rendered (at a point in time).

ii) Fees and commission income
Fees, commission and consultancy revenue is recognized at the time the related services are provided (at a point intime).

iii) Revenue on sale of properties
Revenue on sale of properties is recognized on the basis of the full accrual method as and when all of the following conditions are met:
A sale is consummated, and contracts are signed;

- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- The Group's receivable is not subject to future subordination;
- The Group has transferred control to the buyer; and
- Work to be completed is either, easily measurable and accrued or is not significant in relation to the overall value of the contract.

Revenue on sale of propertiesare recognized at a point in time.

iv) Other income
Other income are recognized on accrual basis.

q) Foreign currencies
Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity instruments which are classified as financial assets at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as financial assets at fair value through other comprehensive income are included in "fair value reserve" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

s) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to KFAS is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries, associates and transfer to statutory reserve.

t) Zakat

Zakat is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates and un-consolidated subsidiaries, its share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 for year 2006 and Ministerial Resolution No. 58 for year 2007 and their Executive Regulations.

u) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

v) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements but are disclosed in the notes to the consolidated financial statements.

w) Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy are met requires significant judgment.

(ii) Allowance for expected credit losses

The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivables involve significant judgment.

(iii) Classification of financial assets

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortized cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets.

(iv) Classification of land

Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

1) Properties under development

When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development.

2) Work in progress

When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

3) Properties held for trading

When the intention of the Group is to sell land in the ordinary course of business, the land are classified as properties held for trading.

4) Investment properties

When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

(v) Significant influence assessment

When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policy decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgment, involves consideration of the Group's representation on the investee's board of directors, participation in policy making decisions and material transactions between the investor and investee.

(vi) Control assessment

When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Group's power to affect the investee's variable returns requires significant judgment.

(vii) Taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business for the Group.

b) Estimation and assumptions
The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of unquoted financial assets
If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Allowances for expected credit losses
The extent of allowance for expected credit losses involves estimation process. Allowance for expected credit losses is based on a forward looking ECL approach as explained in Note 2c(A-ii). Bad debts are written off when identified. The ECL allowance and write-down of accounts receivable are subject to management approval.

(iii) Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future financial assets that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(iv) Taxes
The Group recognizes a liability for the anticipated taxes levied in the jurisdictions of its activity based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions may have an impact on the carrying values of the deferred taxes.

3. Accounts receivable and other debit balances

	2022	2021
Accrued revenue	**3,138,520**	3,017,472
Advance payment for acquiring investments	**144,108**	144,108
Accrued interest and dividend	**369,771**	308,267
Other receivables	**908,575**	476,308
	4,560,974	3,946,155
Less: allowance for ECL (a)	**(3,117,197)**	(3,132,987)
	1,443,777	813,168

(a) The movement in the allowance for ECL is as follows:

	2022	2021
Balance as at the beginning of the year	**3,132,987**	3,109,819
Charge during the year	**44,579**	66,823
Utilized during the year	**(10,673)**	(43,655)
Provision no longer required	**(49,696)**	-
Balance as at the end of the year	**3,117,197**	3,132,987

4. Financial assets at fair value through other comprehensive income ("FVOCI")

	2022	2021
Quoted securities	**37,391,640**	22,151,609
Unquoted securities	**7,338,862**	7,378,987
	44,730,502	29,530,596

Quoted securities with a carrying value of KD 22,266,003 (2021: KD 22,142,547) were pledged with a local bank against a loan (Note 8).

Financial assets at FVOCI are denominated in the following currencies:

	2022	2021
Kuwaiti Dinar	**44,675,386**	29,325,871
US Dollar	**55,116**	204,725
	44,730,502	29,530,596

Financial assets at FVOCI was valued based on the valuation basis as described in Note (24).

5. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding **2022**	Percentage of holding 2021	**2022**	2021
Al Madar Al Thahabia Co. W.L.L ("Al Madar")	KSA	**24%**	24%	**6,557,680**	6,960,369
Future Communication Co. K.S.C.P. ("FCC") (ii)	Kuwait	**34.50%**	34.50%	**1,400,316**	1,550,183
Al-Jazeera Real Estate Development Co. K.S.C. (Closed) ("Al-Jazeera") (iii)	Kuwait	**20%**	20%	**1,740,984**	1,513,214
Alpha Atlantique Du Sahara S.A.	Morocco	**22.52%**	22.52%	**188,483**	246,473
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	Kuwait	**40.72%**	40.72%	**1**	1
Mena Equities Ltd.	British Virgin Islands	**44.15%**	44.15%	**6,230**	6,230
				9,893,694	10,276,470

(a) The movement during the year is as follows:

	2022	2021
Balance as at the beginning of the year	**10,276,470**	12,075,830
Additions	**97,478**	-
Capital reduction of investment in an associate	**(208,147)**	(506,360)
Effect of ownership change in an associate	**(1,255)**	(3,469)
Group's share of results from associates	**(227,815)**	(969,981)
Impairment losses on investment in associates (i)	**-**	(129,173)
Share of other comprehensive loss	**(3,083)**	(3,536)
Cash dividends received	**(51,088)**	(68,118)
Foreign currency translation adjustments	**11,134**	(118,723)
Balance as at the end of the year	**9,893,694**	10,276,470

(i) During the year ended March 31, 2021, the Group recorded an impairment loss of KD 129,173 against its investment in associates pursuant to an impairment testing exercise wherein the recoverable value of the associates were lower than their respective carrying values.

(ii) 3,405,898 shares of FCC were pledged with a local bank against a loan (Note 8).

(iii) 11,999,999 shares of Al-Jazeera were pledged with a local bank against a loan (Note 8).

(b) The summarized financial information of associates which are material to the Group is as follows:

	FCC	Al Madar	Al-Jazeera	2022	2021
Statement of financial position					
Current assets	12,609,986	707,937	319,744	13,637,667	12,677,442
Non-current assets	695,156	34,432,761	16,206,606	51,334,523	50,849,174
Current liabilities	(8,510,636)	(1,050,718)	(4,565,637)	(14,126,991)	(11,620,545)
Non-current liabilities	(735,618)	(6,766,313)	(3,255,791)	(10,757,722)	(10,845,177)
Net assets	4,058,888	27,323,667	8,704,922	40,087,477	41,060,894
Statement of profit or loss					
Revenue	21,920,429	2,175,871	4,266,648	28,362,948	20,866,358
Expenses	(22,206,757)	(3,085,341)	(3,127,798)	(28,419,896)	(24,101,935)
Net (loss) income for the year	(286,328)	(909,470)	1,138,850	(56,948)	(3,235,577)
Dividends received	51,088	-	-	51,088	68,118
Contingent liabilities and commitments	288,722	-	-	288,722	290,286

(c) Reconciliation of the above summarized financial information to the carrying amount of investment in associates recognized in the consolidated financial statements:

	FCC	Al Madar	Al-Jazeera
2022			
Net assets of the associate	4,058,888	27,323,667	8,704,922
Group's percentage of ownership	34.50%	24%	20%
Carrying amount of Group's investment in the associate	1,400,316	6,557,680	1,740,984
Group's share of results from associates	(98,783)	(218,273)	227,770

	FCC	Al Madar	Al-Jazeera
2021			
Net assets of the associate	4,493,285	29,001,537	7,566,072
Group's percentage of ownership	34.50%	24%	20%
Carrying amount of Group's investment in the associate	1,550,183	6,960,369	1,513,214
Group's share of results from associates	(274,779)	(275,765)	(258,019)

6. Debt instruments at amortized cost

	Interest rate %	Maturity date	2022	2021
Fixed rate bond issued by a local bank (a)	6.5%	May 30, 2026	-	2,000,000
Floating rate bond issued by a local bank (a)	4% + CBK discount rate	May 30, 2026	-	2,000,000
Floating rate bond issued by a local company	2.75% + CBK discount rate	July 26, 2023	**2,000,000**	2,000,000
Floating rate bonds issued by a local company	2.25% + CBK discount rate	November 8, 2023	**3,750,000**	3,750,000
Floating rate bonds issued by a local company	2.25% + CBK discount rate	December 28, 2024	**4,400,000**	4,400,000
Floating rate bonds issued by a local company	2.25% + CBK discount rate	October 10, 2032	**2,000,000**	-
Fixed rate bond issued by a local bank	4%	October 10, 2032	**2,000,000**	-
			14,150,000	14,150,000
Less: allowance for ECL (b)			**(107,096)**	(150,842)
			14,042,904	13,999,158

(a) During the year ended March 31, 2022, the local bank (issuer of the bonds) elected to early redeem these outstanding bonds, in whole by their principal amount plus the accrued interest.

(b) The movement in the allowance for ECL is as follows:

	2022	2021
Balance as at the beginning of the year	**150,842**	65,025
Charge during the year	**21,753**	94,908
Provision no longer required	**(65,499)**	(9,091)
Balance as at the end of the year	**107,096**	150,842

7. Investment properties

The movement during the year was as follows:

	2022	2021
Balance as at the beginning of the year	**21,997,183**	22,179,273
Disposals (c)	**(6,533,181)**	-
Foreign currency translation adjustments	**58,958**	(182,090)
Balance as at the end of the year	**15,522,960**	21,997,183

(a) Management of the Parent Company has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties.

(b) The fair value of investment properties as at March 31, 2022 was KD 19,584,116 (2021: KD 27,551,158) based on the lowest of valuations carried out by two external valuers. In estimating the fair value of investment properties, the cost approach, income capitalization approach and market comparable approach have been used, considering the nature and usage of the investment properties. The fair value measurement of investment properties has been categorized as level 2 and level 3 fair value based on inputs to the valuation technique used. Investment properties include buildings that are fully depreciated.

(c) During the year, the Group sold investment properties with a carrying value of KD 6,533,181 for an amount of KD 6,820,171 that resulted in a gain of KD 286,990.

(d) Investment properties with a carrying value amounting to KD 2,803,554 are pledged against loans (Note 8).

8. Loans

Revolving loans carry an annual interest rate 0.7% (2021: ranging from 1.5% to 2.5%) over the Central Bank of Kuwait discount rate and due for settlement on May 15, 2023.

Loans are secured by pledge of the following first-degree collaterals:
(i) Pledge of investment properties with a carrying value of KD 2,803,554 (Note 7).
(ii) Pledge of FVOCI with a carrying value amounting to KD 22,266,003 (2021: KD 22,142,547) (Note 4).
(iii) Pledge of 3,405,898 shares of Future Communication Co. K.S.C.P. ("FCC") classified as investment in associates (Note 5).
(iv) Pledge of 11,999,999 shares of Al-Jazeera Real Estate Development Co. K.S.C. (Closed) classified as investment in associates (Note 5).

9. Loans from a related party

These represent loans obtained from a shareholder carrying an annual interest rate of 1.5% (2021:1.25%). Loans from a related party are due for settlement on March 17, 2024.

10. Accounts payable and other credit balances

	2022	2021
Accrued expenses	**580,087**	539,215
Dividends payable (Note 22)	**260,402**	217,295
Payable to shareholder on account of capital reduction (Note 22)	**68,305**	96,811
Provision for end of service indemnity	**416,291**	596,078
Due to related parties (Note 22)	**157,124**	256,765
Other credit balances	**791,720**	1,050,114
	2,273,929	2,756,278

11. Capital

As at March 31, 2022, the authorized, issued and paid-up capital amounts to KD 20,000,000 divided into 200,000,000 shares (2021: KD 20,000,000 divided into 200,000,000 shares) with a par value of 100 fils each and all shares are paid in cash.

12. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by Law and the Parent Company's Articles of Association. Since the statutory reserve exceeds 50% of the Parent Company's capital, the Parent Company had discontinued transferring any amounts to statutory reserve.

13. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration is transferred to voluntary reserve. Such transfer may be discontinued by a resolution at the Shareholders' Annual General Assembly, upon recommendation by the Board of Directors. The Shareholders' General Assembly dated April 6, 2004, approved to discontinue any transfer to the voluntary reserve with effect from December 31, 2002.

14. Net investment income

	2022	2021
Unrealized loss on financial assets at FVTPL	-	(93,139)
Realized gain on sale of financial assets at FVTPL	**860,926**	618,711
Dividend income	**466,379**	334,220
	1,327,305	859,792

15. Provision for overseas tax no longer required

During the year ended March 31, 2021 and upon the final tax assessment by the General Authority of Zakat and Tax in KSA, the Group has reversed provision for overseas tax amounting to KD 588,237 which represents Zakat tax on the Group's operations in KSA by one of the Group's subsidiaries during the years from 2008 till 2018.

16. Fees and commission income

	2022	2021
Portfolio management fees	**1,054,260**	997,694
Consultancy fees	**858,834**	735,903
Commission	**100,583**	62,257
	2,013,677	1,795,854

17. General and administrative expenses

	2022	2021
Staff costs	**1,400,061**	1,239,894
Management and consultancy fees	**46,631**	51,808
Professional fees	**40,850**	42,896
Other expenses	**228,835**	163,822
	1,716,377	1,498,420

18. Board of Directors' meetings and Shareholders Ordinary and Extraordinary General Assembly

(a) The Board of Directors meeting held on May 9, 2022, proposed to distribute cash dividends of 7 fils per share and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2022. These proposals are subject to the approval of the Shareholders' Annual General Assembly.

(b) The Board of Directors meeting held on January 24, 2022, approved to cancel the financing activity license granted to the Parent Company by Central Bank of Kuwait. This proposal is subject to the approval of the Shareholders' Extraordinary General Assembly and obtaining the regulatory approvals to amend the Parent Company's Memorandum of Incorporation to be in line with the new activities.

(c) The Shareholders' Annual General Assembly held on June 23, 2021 approved the Board of Directors' proposals to distribute cash dividends of 5 fils per share amounting to KD 1,000,000 and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2021.

(d) The Shareholders' Extraordinary General Assembly held on September 14, 2020 approved the Board of Directors' proposal to reduce the share capital by 7.41% amounting to KD 1,600,000 resulting in KD 20,000,000 divided into 200,000,000 shares with a par value of 100 fils each and all shares are paid in cash and distribute this reduction to the shareholders of the Parent Company recorded on the same date of the Parent Company's Shareholders' Extraordinary General Assembly.

19. Basic and diluted earnings per share attributable to shareholders of the Parent Company

There are no potential dilutive ordinary shares. Basic and diluted earnings per share is computed by dividing the profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	2022	2021
Profit for the year attributable to shareholders of the Parent Company	**1,953,657**	1,324,490
	Shares	Shares
Weighted average number of shares outstanding	**200,000,000**	207,276,712
	Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	**9.77**	6.39

As there are no dilutive instruments outstanding, basic and diluted earnings per share attributable to shareholders of the Parent Company are identical.

20. Fiduciary assets

The Parent Company manages investment portfolios for others amounting to KD 2,768,298,090 as at March 31, 2022 (2021: KD 2,667,274,339) to earn management fees. These investment portfolios are registered in the name of the Parent Company and are not accounted in the accompanying consolidated financial statements(accounts off the consolidated statement of financial position).

21. Segment information

The Group is divided into operating segments for managing its business activities based on internal reporting provided to the chief operating decision maker as follows:

- Investment activities: Direct investment for the Group's benefit in securities, portfolios and funds
- Asset management services: Portfolio and Fund management services for clients
- Lending activities: Direct lending to others and acting as a broker in lending and borrowing activities.
- Real estate activities: Investment in real estate and managing real estate portfolios.

	For the year ended March 31,									
	2022					2021				
	Investment activities	Asset management services	Lending activities	Real estate activities	Total	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	1,835,593	2,013,677	-	599,949	4,449,219	1,740,989	1,795,854	-	532,362	4,069,205
Segment operating expenses	(544,851)	-	-	(109,472)	(654,323)	(551,339)	-	-	(87,365)	(638,704)
Unallocated operating expense	-	-	-	-	(1,606,905)	-	-	-	-	(1,411,055)
Operating profit					2,187,991					2,019,446
Group's share of results from associates	(227,815)	-	-	-	(227,815)	(969,981)	-	-	-	(969,981)
Impairment loss on investment in associates	-	-	-	-	-	(129,173)	-	-	-	(129,173)
Gain on sale of unconsolidated subsidiaries	-	-	-	-	-	15,581	-	-	-	15,581
Gain on sale of investment properties	-	-	-	286,990	286,990	-	-	-	-	-
Provision for overseas tax no longer required	-	-	-	-	-	-	-	-	-	588,237
Foreign exchange (loss) gain	-	-	-	-	(59,518)	-	-	-	-	5,096
Marketing expenses	-	-	-	-	(228,655)	-	-	-	-	-
Net allowance for ECL no longer required (charge)	-	-	-	-	48,863	-	-	-	-	(152,640)
Profit for the year before contribution to KFAS, Zakat and Board of Directors' remuneration					2,007,856					1,376,566
Contribution to KFAS	-	-	-	-	(17,795)	-	-	-	-	(13,763)
Zakat	-	-	-	-	(10,845)	-	-	-	-	(12,999)
Board of Directors' remuneration	-	-	-	-	(25,000)	-	-	-	-	(25,000)
Profit for the year					1,954,216					1,324,804
Other information										
Segment assets	72,948,556	332,132	-	15,522,960	88,803,648	57,228,538	263,292	-	21,997,183	79,489,013
Investment in associates	9,893,694	-	-	-	9,893,694	10,276,470	-	-	-	10,276,470
Unallocated assets					1,111,645	-	-	-	-	549,876
Total assets					99,808,987					90,315,359
Segment liabilities	42,615,257	-	-	-	42,615,257	36,414,862	-	-	-	36,414,862
Unallocated liabilities	-	-	-	-	2,273,929	-	-	-	-	2,756,278
Total liabilities					44,889,186					39,171,140

22. Related party disclosures

The Group has entered into various transactions with related parties concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant balances and transactions with other related parties are as follows:

	2022	2021
(i) Consolidated statement of financial position		
Cash on hand and at banks	**13,796,535**	12,198,239
Loans (Note 8)	**28,615,257**	27,514,862
Loans from a related party (Note 9)	**14,000,000**	8,900,000
Dividends payable (Note 10)	**260,402**	217,295
Payable to shareholder on account of capital reduction (Note 10)	**68,305**	96,811
Due to related parties (Note 10)	**157,124**	256,765
(ii) Consolidated statement of profit or loss		
Fees and commission income	**232,952**	309,757
Interest income	**162**	388
Finance charges	**(544,851)**	(551,339)
(iii) Compensation to key management personnel		
Short-term benefits	**424,002**	396,193
Board of Directors' remuneration	**25,000**	25,000
Termination benefits	**28,750**	28,750
Committees remuneration	**27,500**	27,500

The related party transactions are subject to approval by the shareholders of the Parent Company in the Annual General Assembly.

23. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, financial assets at FVTPL, accounts receivable and other debit balances, financial assets at FVOCI, debt instruments at amortized cost, loans, loans from a related party and accounts payable and other credit balances and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, receivables and debt instruments at amortized cost. The Group's cash at banks are placed with high credit rating financial institutions. Receivables and debt instruments at amortized cost are presented net of allowance for ECL.

Cash at banks

The Group's cash at banks measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the ECL impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Debt instruments at amortized cost

The Group's debt instruments at amortized cost comprise solely of unquoted bonds that are graded in the top investment category (Very Good and Good) by a rating agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group's maximum exposure arising from default of the counter-party is limited to the following:

	2022	2021
Cash at banks	**14,172,150**	13,269,055
Accounts receivable and other debit balances	**1,443,777**	813,168
Debt instruments at amortized cost	**14,042,904**	13,999,158
	29,658,831	28,081,381

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.

The maturity profile of assets and liabilities of the Group as at March 31 was as follows:

2022	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Assets						
Cash on hand and at banks	14,175,150	-	-	-	-	14,175,150
Accounts receivable and other debit balances	871,017	108,055	464,705	-	-	1,443,777
Financial assets at FVOCI	37,391,640	-	-	7,338,862	-	44,730,502
Investment in associates	-	-	-	9,893,694	-	9,893,694
Debt instruments at amortized cost	-	-	-	10,045,420	3,997,484	14,042,904
Investment properties	-	-	-	6,510,555	9,012,405	15,522,960
	52,437,807	108,055	464,705	33,788,531	13,009,889	99,808,987
Liabilities						
Loans	-	-	-	28,615,257	-	28,615,257
Loans from a related party	-	-	-	14,000,000	-	14,000,000
Accounts payable and other credit balances	914,124	35,863	907,651	416,291	-	2,273,929
	914,124	35,863	907,651	43,031,548	-	44,889,186

2021	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 Years	Total
Assets						
Cash on hand and at banks	13,275,055	-	-	-	-	13,275,055
Financial assets at FVTPL	423,729	-	-	-	-	423,729
Accounts receivable and other debit balances	270,270	150,873	392,025	-	-	813,168
Financial assets at FVOCI	22,151,609	-	-	7,378,987	-	29,530,596
Investment in associates	-	-	-	10,276,470	-	10,276,470
Debt instruments at amortized cost	-	-	-	13,999,158	-	13,999,158
Investment properties	-	-	-	13,043,736	8,953,447	21,997,183
	36,120,663	150,873	392,025	44,698,351	8,953,447	90,315,359
Liabilities						
Loans	-	-	-	27,514,862	-	27,514,862
Loans from a related party	-	-	-	8,900,000	-	8,900,000
Accounts payable and other credit balances	584,337	295,248	238,235	1,042,380	596,078	2,756,278
	584,337	295,248	238,235	37,457,242	596,078	39,171,140

c) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices as indicated below:

i) Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest-bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss (through the impact on floating rate borrowings).

Year	Increase / (Decrease) in interest rate	Balance on March 31 KD	Effect on consolidated statement of profit or loss
2022			
Debt instruments at amortized cost (floating rates)	**± 50 basis points**	**12,150,000**	**± 60,750**
Loans	**± 50 basis points**	**28,615,257**	**±143,076**
Loans from a related party	**± 50 basis points**	**14,000,000**	**±70,000**
2021			
Debt instruments at amortized cost (floating rates)	± 50 basis points	12,150,000	± 60,750
Loans	± 50 basis points	27,514,862	± 137,574
Loans from a related party	± 50 basis points	8,900,000	± 44,500

ii) Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between, other currencies and Kuwaiti Dinar.

Currency	Change in foreign currency rate	Effect on consolidated statement of profit or loss
2022		
US Dollar	**±5%**	**±204**
Saudi Riyal	**±5%**	**±12,102**
Euro	**±5%**	**±16**
Morocco Dirhams	**±5%**	**±(572)**
2021		
US Dollar	±5%	±114
Saudi Riyal	±5%	±(6,500)
Tunisian Dinar	±5%	±50,186
Euro	±5%	±18
Morocco Dirhams	±5%	±395

iii) Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as financial assets at FVTPL and financial assets at FVOCI. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Group had significant exposure at March 31:

	2022			2021		
Market index	**Change in equity price %**	**Effect on consolidated statement of profit or loss**	**Effect on other comprehensive income**	Change in equity price %	Effect on consolidated statement of profit or loss	Effect on other comprehensive income
Boursa Kuwait	**±5%**	**-**	**± 1,869,582**	±5%	± 21,186	± 1,107,580

24. Fair value measurement

The Group measures its financial assets such as financial assets at FVTPL and financial assets at FVOCI at fair value at each reporting period.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

2022	**Level 1**	**Level 2**	**Total**
Financial assets at FVOCI	**37,391,640**	**7,338,862**	**44,730,502**

2021	Level 1	Level 2	Total
Financial assets at FVTPL	423,729	-	423,729
Financial assets at FVOCI	22,151,609	7,378,987	29,530,596
Total	22,575,338	7,378,987	29,954,325

At March 31, the fair values of financial instruments approximate their carrying amounts. The management of the Group has assessed that fair value of financial instruments approximates their carrying amounts largely due to the short-term maturities of these instruments.

During the year, there were no transfers among Level 1, Level 2 and Level 3.

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

25. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost paid up of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash on hand and at banks. Total capital is calculated as total 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2022	2021
Loans	**28,615,257**	27,514,862
Loans from a related party	**14,000,000**	8,900,000
Less: cash on hand and at banks	**(14,175,150)**	(13,275,055)
Net debt	**28,440,107**	23,139,807
Total equity	**54,919,801**	51,144,219
Total capital resources	**83,359,908**	74,284,026
Gearing Ratio	**34.12%**	31.15%

26. Legal case

Case No.174/2020 dated January 8, 2020, raised by one of the Parent Company's shareholders (Plaintiff) against the legal representative of the Parent Company and others (Defendants).

Subject:
The Plaintiff requested to annul the decisions made by the Parent Company's Annual Ordinary General Assembly meeting held on November 12, 2019 for the financial year ended March 31, 2017 and all the consequent effects.

Court decisions issued:

a) On February 18, 2020, the court issued its verdict in favour of the Defendants and rejecting the legal case.

b) On July 27, 2020, the "Court of First Instance" issued its verdict in favour of the Defendants and rejecting the legal case.

c) On November 18, 2020, the "Court of Appeal" issued its verdict in favor of the Plaintiff by annulling the decisions made by the Parent Company's Annual Ordinary General Assembly meeting held on November 12, 2019, for the year ended March 31, 2017, and all the consequent effects.

d) On November 18, 2020, the Defendants appealed against the court verdict issued by the "Court of Cassation" under Case No. 3773/2020.

e) On November 16, 2021, the "Court of Cassation" issued its verdict in favor of the Defendants.

Financial impact on the consolidated financial statements for the year ended March 31, 2022:
As per the Parent Company's legal advisor, there is no financial impact on the Group's consolidated financial statements.

27. Impact of COVID-19

The COVID-19 pandemic spread rapidly across global geographics causing massive disruption to business and economic activities and bringing unprecedented uncertainties to the global economic environment. Fiscal and monetary authority worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The Group considered the potential impact of the current economic volatility on the reported amounts of the Group's financial and non-financial assets. The reported amounts best represent the management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgements and the Group will accordingly continue to reassess its position and the related impact on a regular basis.