KUWAITI INDIAN
Holding Company K.S.C.C
الشركة الكويتية الهندية القابضة
شركة مساهمة كويتية (مقفلة)

Annual General Meeting for the year end 31/12/2021

جدول أعمال الجمعية العامة العادية
للشركة الكويتية الهندية القابضة ش.م.ك (مقفلة)

1. سماع تقرير مجلس الإدارة عن نشاط الشركة ومركزها المالي خلال السنة المالية المنتهية في 31 ديسمبر 2021 والمصادقة عليه.
2. سماع تقرير مراقب حسابات الشركة عن السنة المالية المنتهية في 31 ديسمبر 2021 والمصادقة عليه.
3. سماع تقرير هيئة الفتوى والرقابة الشرعية عن أعمال الشركة للسنة المالية المنتهية في 31 ديسمبر 2021 والمصادقة عليه.
4. مناقشة البيانات المالية للشركة عن السنة المالية المنتهية في 31 ديسمبر 2021 والمصادقة عليه.
5. سماع تقرير المخالفات التي رصدتها الجهات الرقابية واوقعت بشأنها جزاءات على الشركة خلال السنة المالية المنتهية في 31 ديسمبر 2021.
6. سماع تقرير التعاملات التي تمت مع الأطراف ذات الصلة عن السنة المالية المنتهية في 31 ديسمبر 2021 وكذلك التعاملات التي ستتم مع الاطراف ذات الصلة خلال السنة المالية المنتهية في 31 ديسمبر 2022 .
7. مناقشة اقتراح مجلس الادارة بتحويل مبلغ وقدره 203,553 دينار كويتي الى حساب الاحتياطي القانوني .
8. مناقشة اقتراح مجلس الإدارة بعدم استقطاع 10% من أرباح السنة الصافية لحساب الاحتياطي الاختياري .
9. الموافقة على مكافأة السادة أعضاء مجلس الإدارة بمبلغ إجمالي قدره 23,000 دينار كويتي عن السنة المالية المنتهية في 31 ديسمبر 2021.
10. الموافقة على إقتراح مجلس الإدارة بتوزيع أرباح نقدية عن السنة المالية المنتهية في 31 ديسمبر 2021 بنسبة 5% من القيمة الأسمية للسهم الواحد أي بواقع (5 فلس لكل سهم)، بواقع مبلغ وقدره 105,000 د.ك (مائة وخمسة آلاف دينار كويتي فقط) للمساهمين المقيدين بسجلات الشركة وقت إنعقاد الجمعية العمومية.
11. مناقشة إخلاء طرف السادة أعضاء مجلس الإدارة وإبراء ذمتهم عن كل ما يتعلق بتصرفاتهم القانونية والمالية والإدارية عن السنة المالية المنتهية في 31 ديسمبر 2021.
12. إنتخاب أعضاء مجلس الإدارة الجديد للثلاثة سنوات القادمة.
13. مناقشة تعيين أو إعادة تعيين السادة هيئة الفتوى والرقابة الشرعية للسنة المالية المنتهية في 31 ديسمبر 2022 وتفويض مجلس الإدارة بتحديد أتعابهم.
14. مناقشة تعيين أو إعادة تعيين مدقق حسابات الشركة للسنة المالية المنتهية في 31 ديسمبر 2022 وتفويض مجلس الإدارة بتحديد أتعابه.

فهد بدر البدر
رئيس مجلس الإدارة

الشركة الكويتية الهندية القابضة
شركة مساهمة كويتية مقفلة
Kuwaiti Indian Holding Company
K.S.C.C

تقرير مجلس الإدارة

عن السنة المالية المنتهية في 31 ديسمبر 2021 م

السادة المساهمين الكرام ...

يسر مجلس إدارة الشركة الكويتية الهندية القابضة ش.م.ك (مقفلة) أن يضع بين أيديكم التقرير السنوي والميزانية العمومية للشركة عن السنة المالية المنتهية في 2021/12/31.

تأسست الشركة الكويتية الهندية القابضة ش.م.ك (مقفلة) من أجل تحقيق الأغراض الأساسية التي أسست من أجلها الشركة وهو تملك أسهم شركات مساهمة كويتية أو أجنبية ، وكذلك تملك أسهم أو حصص في شركات ذات مسئولية محدودة، كويتية أو أجنبية أو الإشتراك في تأسيس هذه الشركات بنوعيها وإدارتها وإقراضها وكفالتها لدى الغير، إستغلال الفوائض المالية المتوفرة لدى الشركة عن طريق إستثمارها في محافظ مالية تدار من قبل شركات وجهات متخصصة .

وقد حققت الشركة خلال السنة المالية المنتهية في 2021/12/31 ربح بمبلغ 221,700 د.ك. مقارنة بخسارة بلغت (28,937) د.ك. عن السنة المالية المنتهية في عام 2020 .

ولتسليط الضوء على بيانات المركز المالي للسنة المالية المنتهية في 2021/12/31 ، فقد بلغ إجمالي الأرصدة النقدية وشبه النقدية مبلغ 1,069,543 د.ك. في 2021 (633,458 د.ك. في عام 2020) ، كما بلغ مجموع أصول الشركة مبلغ 2,922,110 د.ك. (2,801,822 د.ك. في عام 2020) . كما بلغ اجمالي خصوم الشركة مبلغ 91,511 د.ك. (76,675 د.ك. في عام 2020) ، وقد بلغ إجمالي حقوق الملكية مبلغ 2,830,599 د.ك. (2,725,147 د.ك. في عام 2020) .

الرؤية المستقبلية للشركة:

تسعى إدارة الشركة حالياً للتوسع في أعمالها وأنشطتها وتحاول إغتنام وإقتناص كافة الفرص الإستثمارية المتاحة و تسخير كافة الجهود من أجل تحقيق المزيد من الإنجازات والنمو في أنشطة وأرباح الشركة، وسوف نعمل بكل جهد على البحث عن استثمارات جديدة في كافة الأسواق على المستوى المحلي والأجنبي ، والدخول في شراكات دولية، والبحث عن الفرص ذات العائد السنوي الجيد والمستمر خصوصا في ظل زيادة الأرصدة النقدية عن العام الماضي .

وفي الختام يسرني أن أتقدم بالشكر الجزيل لمساهمينا الكرام لثقتهم في شركتنا.

وتفضلوا بقبول فائق الاحترام والتقدير،،،

فهد بدر البدر
رئيس مجلس الإدارة

الشركة الكويتية الهندية القابضة
شركة مساهمة كويتية مقفلة
Kuwaiti Indian Holding Company
K.S.C.C

Consolidated financial statements and independent auditor's report

Kuwaiti Indian Holding Company – KSC (Closed) and its Subsidiary

Kuwait

31 December 2021

Contents

Grant Thornton
Al-Qatami, Al-Aiban & Partners

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Independent auditor's report

To the Shareholders of
Kuwaiti Indian Holding Company – KSC (Closed)
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (IASs). 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 ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information consists of the report of the Group's board of directors.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the Shareholders of Kuwaiti Indian Holding Company – KSC (Closed) (continued)

Responsibilities of Management 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.

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

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

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

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

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

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

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

Independent auditor's report to the Shareholders of Kuwaiti Indian Holding Company – KSC (Closed) (continued)

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

- 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 management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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 and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2021 that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
23 March 2022

Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2021 KD	Year ended 31 Dec. 2020 KD
Income			
Change in fair value of investments at fair value through profit or loss		**196,010**	(12,421)
Gain/(loss) on sale of investments at fair value through profit or loss		**37,304**	(4,798)
Dividend income		**10,645**	15,740
Income from wakala investments		**-**	16,436
Rental income		**61,099**	17,794
Change in the fair value of investment property	10	**4,080**	-
Foreign exchange gain/(loss)		**868**	(450)
		310,006	32,301
Expenses and other charges			
General and administrative expenses		**(85,487)**	(61,238)
Profit/(loss) for the year before provisions for Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat		**224,519**	(28,937)
KFAS		**(440)**	-
Zakat		**(2,379)**	-
Profit/(loss) for the year		**221,700**	(28,937)

The notes set out on pages 9 to 29 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2021 KD	Year ended 31 Dec. 2020 KD
Profit/ (loss) for the year	**221,700**	(28,937)
Other comprehensive income:		
Items that may be reclassified subsequently to consolidated statement of profit or loss		
Exchange differences arising on translation of foreign operations	**(11,248)**	41,923
Total other comprehensive (loss)/ income	**(11,248)**	41,923
Total comprehensive income for the year	**210,452**	12,986

The notes set out on pages 9 to 29 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Notes	31 Dec. 2021 KD	31 Dec. 2020 KD
Assets			
Cash and cash equivalents	8	1,069,543	633,458
Investments at fair value through profit or loss	9	942,899	987,035
Accounts receivable and other assets		10,275	15,436
Due from Intermediate Parent Company	13	-	260,010
Investment property	10	897,660	904,130
Equipment		1,733	1,753
Total assets		2,922,110	2,801,822
Equity and liabilities			
Equity			
Share capital	11	2,100,000	2,100,000
Statutory reserve	12	681,777	572,032
Foreign currency translation reserve		30,675	41,923
Retained earnings		18,147	11,192
Total equity		2,830,599	2,725,147
Liabilities			
Due to Intermediate Parent Company	13	285	-
Accounts payable and other liabilities		83,432	69,880
Provision for employees' end of service benefits		7,794	6,795
Total liabilities		91,511	76,675
Total equity and liabilities		2,922,110	2,801,822

Fahad Al-Bader
Chairman

الشركة الكويتية الهندية القابضة
شركة مساهمة كويتية مقفلة
Kuwaiti Indian Holding Company
K.S.C.C

The notes set out on pages 9 to 29 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital KD	Statutory reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
Balance at 1 January 2021	**2,100,000**	**572,032**	**41,923**	**11,192**	**2,725,147**
Dividends paid (note 14)	-	(93,808)	-	(11,192)	(105,000)
Total transactions with owners	-	(93,808)	-	(11,192)	(105,000)
Profit for the year	-	-	-	221,700	221,700
Other comprehensive loss for the year	-	-	(11,248)	-	(11,248)
Total comprehensive (loss)/ income for the year	-	-	(11,248)	221,700	210,452
Transferred to reserve	-	203,553	-	(203,553)	-
Balance as at 31 December 2021	**2,100,000**	**681,777**	**30,675**	**18,147**	**2,830,599**
Balance at 1 January 2020	2,100,000	677,032	-	40,129	2,817,161
Dividends paid (note 14)	-	(105,000)	-	-	(105,000)
Total transaction with owners	-	(105,000)	-	-	(105,000)
Loss for the year	-	-	-	(28,937)	(28,937)
Other comprehensive income for the year	-	-	41,923	-	41,923
Total comprehensive income/(loss) for the year	-	-	41,923	(28,937)	12,986
Balance as at 31 December 2020	2,100,000	572,032	41,923	11,192	2,725,147

The notes set out on pages 9 to 29 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2021 KD	Year ended 31 Dec. 2020 KD
OPERATING ACTIVITIES			
Profit/(loss) before provisions for KFAS and Zakat		**224,519**	(28,937)
Adjustments for:			
Depreciation		**20**	-
Income from wakala investments		-	(16,436)
Change in fair value of investment property		**(4,080)**	-
Provision for employees' end of service benefits		**999**	1,002
Dividend income		**(10,645)**	(15,740)
		210,813	(60,111)
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		**44,136**	160,247
Due from/to Intermediate Parent Company		**260,295**	290,282
Accounts receivable and other assets		**5,161**	(4,161)
Accounts payable and other liabilities		**(758)**	(7,580)
Net cash from operating activities		**519,647**	378,677
INVESTING ACTIVITIES			
Net change in wakala investments		-	1,000,000
Dividend income received		**10,645**	15,740
Income received from wakala investments		-	44,217
Acquisition of subsidiary- net of cash		-	(856,413)
Net cash from investing activities		**10,645**	203,544
FINANCING ACTIVITIES			
Paid to shareholders on capital reduction		-	(3,478)
Dividend paid		**(94,207)**	(97,127)
Net cash used in financing activities		**(94,207)**	(100,605)
Net increase in cash and cash equivalents		**436,085**	481,616
Cash and cash equivalents at beginning of the year	8	**633,458**	151,842
Cash and cash equivalents at end of the year	8	**1,069,543**	633,458

The notes set out on pages 9 to 29 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities

Kuwaiti Indian Holding Company ("the Parent Company") was incorporated as a Kuwaiti Closed Shareholding Company on 22 February 2006. The Parent Company is a subsidiary of Noor Financial Investment Company – KPSC ("the Intermediate Parent Company") and National Industries Group Holding – KPSC ("the Ultimate Parent Company"). The principal objectives of the Parent Company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.

- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, in addition to acting as a guarantor on behalf of these companies.

- Owning industrial intangible assets such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.

- Owning moveable property to conduct its operations within the limits stipulated by law.

- Employing excess funds available with the Parent Company by investing them in investment portfolios managed by specialised companies.

The Parent Company can perform all the activities mentioned above in or outside the State of Kuwait, either directly or through an agent. The Parent Company has the right to participate and subscribe in any way, with other firms which operate in the same field or those which would assist in achieving its objectives in or outside Kuwait. Further, the Parent Company can establish, fund, purchase or acquire majority interests in companies performing similar activities.

The Parent Company shall adhere to conduct all of its activities to Islamic Sharia instructions and provisions, the foregoing objectives may not have interpreted in any event to allow the Parent Company directly or indirectly to conduct any riba activities either in the form of interest or in any specific form relating to the Parent Company's dealing in financing, bonds, and financial securities.

The address of the Parent Company's registered office is Noor Financial Investment Company Complex, Building 2, Block – 13, Basement Office No. 4, Qibla, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

These consolidated financial statements for the year ended 31 December 2021 were authorised for issue by the Parent Company's board of directors on 23 March 2022. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements of the Group are prepared under historical cost convention, except for investments at fair value through profit or loss and investment property that have been measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is the functional currency of the company.

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

Notes to the consolidated financial statements (continued)

3 Statement of compliance

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

4 Changes to accounting policies

4.1 New and amended standards adopted by the Group

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

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

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

The Group has applied the practical expedient retrospectively to rent concessions that meet the conditions amendments to IFRS 16, and has not restated comparative amounts.

4.2 IASB Standards issued but not yet effective

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

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

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IFRS 3 Amendment – Reference to the conceptual framework	1 January 2022
IAS 1 Amendments- Classification of current and non-current	1 January 2023
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023
IAS 16 – Amendments – Proceeds before intended use	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

Notes to the consolidated financial statements (continued)

4 Changes to accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments (continued)

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

IFRS 3 – Reference to the conceptual framework
The amendments add a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination

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

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Changes to accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 provide an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12 22A.

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

IAS 16 Amendments - Proceeds before intended use

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

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

Annual Improvements 2018-2020 Cycle

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

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

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

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

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies

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

5.1 Basis of consolidation

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the parent company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the parent company's financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

However, changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

5.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.2 Business combinations (continued)

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the consolidated statement of profit or loss immediately.

5.3 Dividend income

Dividend income is recognised when the right to receive payment is established

5.4 Income from wakala investments

Income from wakala investments is recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balance outstanding.

5.5 Rental income

Rental income is recognised on accrual basis.

5.6 Operating expenses

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

5.7 Equipment

Equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses, if any. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of properties and equipment. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property and equipment.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

When asset is sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.8 Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuators and are included in the consolidated statement of financial position. Changes in fair value are taken to the consolidated statement of profit or loss.

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

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

5.9 Financial instruments

5.9.1 Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

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

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

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

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.9 Financial instruments (continued)

5.9.1 Recognition, initial measurement and derecognition (continued)

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of consolidated profit or loss and other comprehensive income.

5.9.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

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

The classification is determined by both:

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. In the period presented no such designation has been made.

5.9.3 Subsequent measurement of financial assets

Financial assets at amortised cost

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

•they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

•the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.9 Financial instruments (continued)

5.9.3 Subsequent measurement of financial assets (continued)

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

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

- *Cash and cash equivalents*

Cash and cash equivalents comprise balances with banks and other financial institutions which are subject to an insignificant risk of changes in value.

- *Due from intermediate parent company*

Amount due from transaction with intermediate parent company and cash advances to related parties are included under due intermediate Parent Company.

- *Accounts receivable and other assets*

Accounts receivable and other assets are stated at original amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred

- ***Financial assets at FVTPL***

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

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

The Group's financial assets at FVTPL comprise of the following:

- *Local quoted shares*
- *Local fund*

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

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

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.9 Financial instruments (continued)

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

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group's policy is to recognise lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group does not have any trade receivable as of the reporting date.

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

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

The Group recognises an impairment gain or loss in the statement of consolidated profit or loss and other comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

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

5.9.5 Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include accounts payable and other liabilities.

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

- ***Financial liabilities at amortised cost***

These are stated using effective interest rate method. Accounts payable and other liabilities are classified as financial liabilities other than at FVTPL.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.9 Financial instruments (continued)

5.9.5 Classification and subsequent measurement of financial liabilities (continued)

- ***Financial liabilities at amortised cost (continued)***

Accounts payable and other liabilities
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables.

Due to intermediate parent company
Due to intermediate parent company are financial liabilities arising in the normal courses of the business and are not quoted in an active market.

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

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

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

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

5.10 Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued and paid up.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Group's Memorandum of Incorporation and Articles of Association.

Foreign currency translation reserve – comprises of foreign currency translation differences arising from the translation of financial statement of the group foreign subsidiary into Kuwait Dinar (KD)

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

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Assembly Meeting.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.11 Provisions, contingent assets and contingent liabilities

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

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

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

5.12 Foreign currency translation

5.12.1 Functional and presentation currency

The consolidated financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the Group.

5.12.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.12.3 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities are translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to consolidated statement of profit or loss and other comprehensive income and recognised in the foreign currency translation reserve in equity.

On disposal of a foreign operation, the related cumulative translation differences recognised in consolidated statement of changes in equity are reclassified to consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

Notes to the consolidated financial statements (continued)

5 Summary of significant accounting policies (continued)

5.13 Employees' end of service benefits

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

With respect to its Kuwaiti national employees, the Group also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.14 Kuwait Foundation for the Advancement of Sciences (KFAS)

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

5.15 Zakat

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

5.16 Related party transactions

Related parties consist of partners, executive officers, their close family members and companies in which they are principal owners. All related party transactions are approved by management.

6 Significant management judgements and estimation uncertainty

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

6.1 Significant management judgments

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

6.1.1 Business model assessment

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

6.2 Estimation uncertainty

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

Notes to the consolidated financial statements (continued)

6 Critical accounting judgements and key sources of estimation uncertainty (continued)

6.2 Estimation uncertainty (continued)

6.2.1 Impairment of financial assets

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

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

6.2.2 Revaluation of investment properties

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

6.2.3 Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

6.2.4 Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

7 Subsidiary companies

Details of the Group's consolidated subsidiary as of the reporting date is as follows:

Name of subsidiary	Country of incorporation	Ownership Percentage		Principle activity
		31 Dec. 2021	31 Dec. 2020	
Noor UK Holding Company Limited	British Virgin Islands	**100%**	100%	Real Estate

Notes to the consolidated financial statements (continued)

8 Cash and cash equivalents

	31 Dec. 2021 KD	31 Dec. 2020 KD
Bank balances	617,085	429,895
Cash in portfolio	452,458	203,563
	1,069,543	633,458

9 Investment at fair value through profit or loss

	31 Dec. 2021 KD	31 Dec. 2020 KD
Local quoted shares	479,611	615,639
Local fund	463,288	371,396
	942,899	987,035

Local quoted shares with a fair value of KD 479,612 at 31 December 2021 (2020: KD 615,639) are held through portfolio managed by the Parent Company.

The hierarchy for determining and disclosing the fair values of investments at fair value through profit or loss is presented in note 15.2.

10 Investment property

The movement in investment property is as follows:

	31 Dec. 2021 KD	31 Dec. 2020 KD
Balance at the beginning of the year	904,130	-
Arising from acquisition of a subsidiary	-	862,330
Change in fair value	4,080	-
Foreign currency translation adjustments	(10,550)	41,800
Balance at the end of the year	897,660	904,130

Investment property comprise a building located in the United Kingdom.

The measurement basis of fair value of the investment properties is disclosed in note 15.3.

11 Share capital

The authorized, issued and paid up share capital of the Parent Company comprises of 21,000,000 shares of 100 Fils each (31 December 2020: 21,000,000 shares of 100 Fils each) fully paid in cash.

12 Statutory and voluntary reserves

In accordance with the Companies Law and the Parent Company's Memorandum of Incorporation and Articles of Association, 10% of the profit before KFAS, Zakat and director remuneration is to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital. During the year, the Company transferred an amount of KD203,553 (KD24,752 from current year profits and KD178,801 from reserves used for dividend payments in previous year) (2020: KD Nil).

Notes to the consolidated financial statements (continued)

12 Statutory and voluntary reserves (continued)

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount.

In accordance with the Parent Company's Memorandum of Incorporation and Articles of Association, a certain percentage of the profit for the year before KFAS, Zakat and director remuneration, if any, is to be transferred to the voluntary reserve at the discretion of the board of directors which is to be approved at the General Assembly. There is no restriction on distribution of voluntary reserve.

No transfers are required in a year in which the Company has incurred a loss or where cumulative losses exist.

13 Related party transactions

Related parties represent the Intermediate Parent Company, Ultimate Parent Company, other major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

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

	31 Dec. 2021 KD	31 Dec. 2020 KD
Balances included in consolidated statement of financial position		
Cash in portfolios held by others	437,751	183,190
Investments at fair value through profit or loss (note 9)	479,611	615,639
Due from Intermediate Parent Company	-	260,010
Due to Intermediate Parent Company	285	-
Transactions included in consolidated statement of profit or loss		
Management fee included in general and administrative expenses	7,701	3,953
Rent expenses included in general and administrative expenses	3,000	2,188
Key management compensation		
Board of Directors' remuneration	23,000	23,000

14 Proposed dividends and annual general assembly of shareholders

Subsequent to the date of the consolidated statement of financial position, the board of directors have proposed to distribute a cash dividend of 5 fils to the shareholders of the Parent Company and remuneration to the board of directors' of KD23,000 for the year ended 31 December 2021. This proposal is subject to the approval of the general assembly and the regulatory authorities

The Annual General Assembly of the shareholders of the Parent Company held on 30 May 2021 approved the consolidated financial statements for the year ended 31 December 2020 and the board of directors' proposal to distribute a cash dividend to shareholders equivalent to 5 fils per share amounting to KD105,000 for the year ended 31 December 2020 (31 December 2019: 5 fils per share amounting to KD105,000). Furthermore, the General Assembly approved the board of directors' proposal to distribute directors' remuneration amount of KD23,000 (31 December 2019: KD23,000) for the year then ended.

Notes to the consolidated financial statements (continued)

15 Summary of financial assets and liabilities by category and fair value measurement

15.1 Fair value measurement of financial instruments

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

	31 Dec. 2021 KD	31 Dec. 2020 KD
Financial assets		
At amortised cost:		
Cash and cash equivalents	1,069,543	633,458
Accounts receivable and other assets	10,275	15,436
Due from Intermediate Parent Company	-	260,010
At fair value:		
Investments at fair value through profit or loss	942,899	987,035
	2,022,717	1,895,939
Financial liabilities		
At amortised cost:		
Due to Intermediate Parent Company	285	-
Accounts payable and other liabilities	83,432	69,883
	83,717	69,883

Management considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortised cost, approximate their fair values.

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

15.2 Fair value hierarchy for financial instruments measured at fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statement are grouped into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

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

The financial assets and liabilities measured at fair value in the statement of consolidated financial position are grouped into the fair value hierarchy as follows:

31 December 2021	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets					
Investments at fair value through profit or loss					
- Local quoted shares	a	479,611	-	-	479,611
- Local fund	b	-	463,288	-	463,288
		479,611	463,288	-	942,899

Notes to the consolidated financial statements (continued)

15 Summary of financial assets and liabilities by category and fair value measurement (continued)

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

31 December 2020	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets					
Investments at fair value through profit or loss					
- Local quoted shares	a	615,639	-	-	615,639
- Local fund	b	-	371,396	-	371,396
		615,639	371,396	-	987,035

There have been no transfers between level 1 and level 2 during the reporting period.

Measurement at fair value
The methods and valuation techniques used for the purpose of measuring fair value are as follows:

a) Quoted shares
Quoted shares represent all listed securities which are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid price at the reporting date.

b) Local funds
The underlying investments of local funds primarily comprises of foreign and local quoted securities. The fair values of the funds have been valued based on net asset value reported by the fund manager.

15.3 Fair value measurement of non-financial assets

The following table shows the information regarding the level 3 fair value measurements of investment properties:

Description and Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2021	2020
Income Approach			
Building	Average monthly rent (per sqm)	KD16.44	KD16.50
	Average yield rate	6.92%	6.89%

The fair value of the investment property has been determined based on valuations obtained from independent valuators, who are specialized in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management.

The fair values of the property using income approach which capitalises the monthly estimated rental income stream, net of projected operating costs using a discount rate derived from the market yields. When actual rent differs materially from estimated rents, adjustments have been made to the estimated rental value. When using the estimated rental stream approach, adjustments to actual rental are incorporated for factors such as current occupancy levels, the terms of in-place leases, expectations for rentals from future leases and unlicensed rented areas.

Notes to the consolidated financial statements (continued)

16 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: market risk (including currency risk, profit rate risk and price risk), credit risk and liquidity risk.

The Group's board of directors sets out policies for reducing each of the risks discussed below.

The Group does not use derivative financial instruments.

The most significant financial risks to which the Group is exposed to are described below.

16.1 Market risk

a) Foreign currency risk

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

b) Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group are not exposed to any significant profit rate risk.

c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market.

The Group are exposed to equity price risk with respect to its equity investment which are primarily located in Kuwait, classified as investments at fair value through profit or loss.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 10% higher/lower, the effect on the results for the year ended 31 December 2021 and 31 December 2020 would have been as follows:

A positive number below indicates an increase in the profit where the equity prices increase by 10%. All other variables are held constant.

	31 Dec. 2021 KD	31 Dec. 2020 KD
Investments at fair value through profit or loss	**47,961**	61,564

If there was a negative change in equity prices in accordance with the above mentioned equity price risk sensitivity assumptions (10%), there would be an equal and opposite impact on the (loss)/profit for the year, and the balances shown above would be negative.

16.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy and exposure to credit risk is monitored on an ongoing basis.

Notes to the consolidated financial statements (continued)

16 Risk management objectives and policies (continued)

16.2 Credit risk (continued)

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the statement of consolidated financial position, as summarized below:

	31 Dec. 2021 KD	31 Dec. 2020 KD
Cash and cash equivalents	1,069,543	633,458
Accounts receivable and other assets	10,275	15,436
Due from Intermediate Parent Company	-	260,010
Investment at fair value through profit or loss	942,899	987,035
	2,022,717	1,895,939

None of the above financial assets are past due nor impaired. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

The credit risk for bank balances are considered negligible, since the counterparties are reputable financial institution with high credit quality.

16.3 Liquidity risk

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

The table below summarises the maturity profile of the Group's liabilities based on contractual undiscounted repayment obligations.

Maturity profile of liabilities are as follows:

	Within 1 year KD	Over 1 year KD	Total KD
At 31 December 2021			
Accounts payable and other liabilities	83,432	-	83,432
Due to Intermediate Parent Company	285	-	285
Provision for employees' end of service benefits	-	7,794	7,794
	83,717	7,794	91,511
31 December 2020			
Accounts payable and other liabilities	69,880	-	69,880
Provision for employees' end of service benefits	-	6,795	6,795
	69,880	6,795	76,675

The contractual maturity of financial liabilities based on discounted cash flows approximates the above.

Notes to the consolidated financial statements (continued)

17 Capital risk management

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

The capital of the Group consists of total equity. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The management monitors the Group's return on capital.

18 Effect of COVID-19

The outbreak of Coronavirus ("COVID19") pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local equity markets have experienced significant volatility and weakness. While governments and central banks have reacted with various financial packages and reliefs designed to stabilise economic conditions, the duration and extent of the impact of the COVID19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

Management has updated its assumptions with respect to judgements and estimates on various account balances which may be potentially impacted due to continued uncertainties in the volatile economic environment in which the Group conducts its operations. The assessment did not result into any significant impact on the consolidated financial statements.

Management is aware that a continued and persistent disruption could negatively impact the financial position, performance and cash flows of the Group in the future. Management continues to closely monitor the market trends, its supply-chain, industry reports and cash flows to minimise any negative impact on the Group.

19 Comparative amounts

Certain other comparative amounts have been reclassified to conform to the presentation in the current year, and such reclassification does not affect previously reported net assets, net equity and net results for the year.