Wafra International Investment Company K.S.C. (Closed) and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

Building a better working world

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working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAFRA INTERNATIONAL INVESTMENT COMPANY K.S.C. (CLOSED)

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by Central Bank of Kuwait ("CBK") for use by the State of Kuwait.

Basis for Opinion

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAFRA INTERNATIONAL INVESTMENT COMPANY K.S.C. (CLOSED) (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAFRA INTERNATIONAL INVESTMENT COMPANY K.S.C. (CLOSED) (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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

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.

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 relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, 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, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
AL-AIBAN, AL-OSAIMI & PARTNERS

30 March 2023
Kuwait

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	*2022* *KD*	*2021* *KD*
INCOME			
Fee income	4	**13,899,198**	10,428,682
Interest income		**823,700**	678,704
Unrealised (loss) gain from financial assets at fair value through profit or loss		**(1,306,522)**	8,882,201
Realised loss on sale of financial assets at fair value through profit or loss		**(2,492,695)**	(3,106)
Realised loss on sale of debt investments at fair value through other comprehensive income		**(165,026)**	(4,644)
Realised gain on other financial assets at amortised cost		**-**	4,030
Share of results of an associate	10	**(411,623)**	202,387
Dividend income		**1,370,420**	1,111,374
Foreign currency gain (loss)		**199,218**	(476,857)
		11,916,670	20,822,771
EXPENSES			
(Allowance) reversal for expected credit losses	11,12	**(19,715)**	127
Administrative expenses	5	**(5,784,128)**	(5,586,895)
PROFIT BEFORE TAX AND DIRECTORS' REMUNERATION		**6,112,827**	15,236,003
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		**(60,784)**	(150,745)
Zakat		**(75,054)**	(177,375)
Directors' remuneration	19	**(111,356)**	(115,000)
PROFIT FOR THE YEAR		**5,865,633**	14,792,883
Attributable to:			
Equity holders of the Parent Company		**5,831,245**	14,833,763
Non-controlling interests		**34,388**	(40,880)
		5,865,633	14,792,883
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (EPS)	6	**38.87 fils**	98.89 fils

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	*2021*
	KD	*KD*
Profit for the year	**5,865,633**	14,792,883
Other comprehensive income:		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**45,331**	(7,500)
<u>Debt instruments at fair value through other comprehensive income:</u>		
Net change in fair value during the year	**(383,617)**	(371,871)
Net loss on sale transferred to profit or loss during the year	**165,026**	4,644
Net movement in allowance for expected credit losses	**19,192**	5,270
	(154,068)	(369,457)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Net change in fair value of equity instruments designated at fair value through other comprehensive income	**2,415,096**	5,573,262
Total other comprehensive income	**2,261,028**	5,203,805
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**8,126,661**	19,996,688
Attributable to:		
Equity holders of the parent company	**8,089,523**	20,038,393
Non-controlling interests	**37,138**	(41,705)
	8,126,661	19,996,688

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	*2022* *KD*	*2021* *KD*
ASSETS			
Cash and cash equivalents	7	**6,135,957**	4,055,185
Term deposits	8	**12,323,319**	10,396,215
Account receivables and other assets	9	**4,284,085**	7,738,691
Investment in an associate	10	**644,558**	1,056,181
Financial assets at fair value through profit or loss	11	**36,096,618**	48,462,566
Financial assets at fair value through other comprehensive income	11	**46,406,056**	33,243,430
Financial assets at amortised cost	12	**7,194,178**	6,794,701
Right-of-use assets		**391,006**	380,221
Property and equipment		**469,082**	160,840
TOTAL ASSETS		**113,944,859**	112,288,030
LIABILITIES AND EQUITY			
Liabilities			
Account payables and other accruals	13	**2,649,173**	2,660,866
Lease liabilities		**408,014**	397,113
Repurchase agreements	14	**-**	2,877,400
Employees' end of service benefits		**2,418,828**	1,920,719
Total liabilities		**5,476,015**	7,856,098
Equity			
Share capital	15	**15,000,000**	15,000,000
Statutory reserve	16(a)	**14,091,157**	13,483,313
Voluntary reserve	16(b)	**14,123,861**	13,516,017
Fair value reserve		**7,408,859**	6,287,524
Foreign currency translation reserve		**35,906**	(6,675)
Retained earnings		**57,072,222**	55,862,303
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		**107,732,005**	104,142,482
Non-controlling interest		**736,839**	289,450
Total equity		**108,468,844**	104,431,932
TOTAL LIABILITIES AND EQUITY		**113,944,859**	112,288,030

Ghazi F. Al Hajeri
Chief Executive Officer

Bader Al Kandari
Deputy Chairman

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Equity attributable to the equity holders of the Parent Company								
	Share capital KD	*Statutory reserve KD*	*Voluntary reserve KD*	*Fair value reserve KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Sub total KD*	*Non-controlling interest KD*	*Total KD*
As at 1 January 2022	15,000,000	13,483,313	13,516,017	6,287,524	(6,675)	55,862,303	104,142,482	289,450	104,431,932
Profit for the year	-	-	-	-	-	5,831,245	5,831,245	34,388	5,865,633
Other comprehensive income for the year	-	-	-	2,215,697	42,581	-	2,258,278	2,750	2,261,028
Total comprehensive income for the year	-	-	-	2,215,697	42,581	5,831,245	8,089,523	37,138	8,126,661
Transfer of gain on disposal of equity investments designated at FVOCI	-	-	-	(1,094,362)	-	1,094,362	-	-	-
Dividend (Note 17)	-	-	-	-	-	(4,500,000)	(4,500,000)	-	(4,500,000)
Transfer to reserves	-	607,844	607,844	-	-	(1,215,688)	-	-	-
Transaction with non-controlling interest	-	-	-	-	-	-	-	410,251	410,251
At 31 December 2022	**15,000,000**	**14,091,157**	**14,123,861**	**7,408,859**	**35,906**	**57,072,222**	**107,732,005**	**736,839**	**108,468,844**
As at 1 January 2021	15,000,000	11,955,624	11,988,328	3,509,266	-	43,900,871	86,354,089	-	86,354,089
Profit for the year	-	-	-	-	-	14,833,763	14,833,763	(40,880)	14,792,883
Other comprehensive income (loss) for the year	-	-	-	5,211,305	(6,675)	-	5,204,630	(825)	5,203,805
Total comprehensive income (loss) for the year	-	-	-	5,211,305	(6,675)	14,833,763	20,038,393	(41,705)	19,996,688
Transaction with non-controlling interest	-	-	-	-	-	-	-	331,155	331,155
Transfer of gain on disposal of equity investments designated at FVOCI	-	-	-	(2,433,047)	-	2,433,047	-	-	-
Dividend (Note 17)	-	-	-	-	-	(2,250,000)	(2,250,000)	-	(2,250,000)
Transfer to reserves	-	1,527,689	1,527,689	-	-	(3,055,378)	-	-	-
Balance as at 31 December 2021	15,000,000	13,483,313	13,516,017	6,287,524	(6,675)	55,862,303	104,142,482	289,450	104,431,932

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	*2022* *KD*	*2021* *KD*
OPERATING ACTIVITIES			
Profit before tax and directors' remuneration		**6,112,827**	15,236,003
Adjustments to reconcile profit before tax and directors' remuneration to net cash flows:			
Depreciation of-right-of use asset	5	**157,737**	126,842
Depreciation of property and equipment	5	**94,713**	135,624
Provision for employees' end of service benefits		**509,107**	368,342
Interest income		**(823,700)**	(678,704)
Dividend income		**(1,370,420)**	(1,111,374)
Unrealised loss (gain) from financial assets at fair value through profit or loss		**1,306,522**	(8,882,201)
Realised loss on sale of financial assets at fair value through profit or loss		**2,492,695**	3,106
Realised gain on financial assets at amortised cost		**-**	(4,030)
Realised loss on sale of debt investments at fair value through other comprehensive income		**165,026**	4,644
Share of results of an associate	10	**411,623**	(202,387)
Allowance (reversal) for expected credit losses	11,12	**19,715**	(127)
Interest on lease liabilities		**19,219**	18,500
		9,095,064	5,014,238
Working capital adjustments:			
Financial assets at fair value through profit or loss		**7,913,063**	(1,383,309)
Account receivables and other assets		**4,552,101**	(3,487,935)
Account payables and other accruals		**69,233**	704,136
Repurchase agreements		**(2,877,400)**	2,528,205
Cash from operations		**18,752,061**	3,375,335
Dividend income received		**1,383,778**	1,129,451
Employees' end of service benefits paid		**(10,998)**	(88,665)
Taxes paid		**(328,120)**	(156,576)
Net cash flows from operating activities		**19,796,721**	4,259,545
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at FVOCI		**13,724,066**	11,974,033
Purchase of financial assets at FVOCI		**(24,855,213)**	(13,730,991)
Redemption of bonds		**-**	1,500,000
Purchase of financial assets at amortised cost		**(400,000)**	(2,200,000)
Placement of term deposits		**(12,323,319)**	(10,396,215)
Maturity of term deposits		**10,396,215**	-
Purchase of property and equipment		**(402,955)**	(70,787)
Interest income received		**822,097**	645,627
Net cash flows used in investing activities		**(13,039,109)**	(12,278,333)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		**(176,840)**	(142,171)
Transaction with non-controlling interest		**-**	331,155
Dividend paid	17	**(4,500,000)**	(2,250,000)
Net cash flows used in financing activities		**(4,676,840)**	(2,061,016)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,080,772**	(10,079,804)
Cash and cash equivalents as at 1 January		**4,055,185**	14,134,989
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	7	**6,135,957**	4,055,185

Non-cash items excluded from statement of cashflows		
Additions to lease liabilities	**168,522**	-
Additions to right-of-use assets	**(168,522)**	-
Additions to non-controlling interest	**(410,251)**	-
Additions to financial assets at fair value through profit or loss	**410,251**	-
	-	-

1 CORPORATE INFORMATION

The consolidated financial statements of Wafra International Investment Company K.S.C. (Closed) (the "Parent Company") and its subsidiary (collectively, the "Group") were authorised for issue by the Board of Directors on 14 March 2023 and the shareholders of the Parent Company have the power to amend these consolidated financial statements at the annual general assembly meeting (AGM).

The Parent Company is a closed Kuwaiti shareholding company incorporated and domiciled in Kuwait. The registered address of the Parent Company is Al- Murqab – Abdulla Al-Mubark Street block 1 – Avenue # 800012 – Twin Tower - P.O. Box 27635, Safat 13137, State of Kuwait.

The Parent Company's primary objectives are as follows:
1. Investment in the real estate, industrial, agricultural fields, and other economic industries through contributing to incorporation of specialised entities, or subscription of the shares of these entities.
2. Transactions related to trading securities including, sale or purchase shares and bonds of Governmental companies and institutions that are only for the benefit of the Company.
3. Conducting the function of investment trustees, and investment portfolio management for others.
4. Mediation in lending and borrowing transactions for commission or fees; for the interest of the Company or for others.
5. Financing and brokerage in the international trade transactions.
6. Provision of research, studies, and other technical services related to the investment operations, and employment of the funds of others.
7. Establishment and management of mutual funds in accordance with the related Laws.
8. Conducting the functions of issuance managers for bonds issued by companies and institutions.

The Parent Company is wholly owned by The Public Institution for Social Security (PIFSS) (the "Ultimate Parent Company"). The Parent Company is regulated by the Central Bank of Kuwait (CBK) and the Capital Markets Authority (CMA) as a finance and investment company, respectively.

Details of the subsidiary are given in note 2.4.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the regulations issued by the Central Bank of Kuwait ("CBK") for financial services institutions in the State of Kuwait. These regulations require the expected credit loss ("ECL") on credit facilities to be measured at the higher of the amount computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted by CBK for use by the State of Kuwait).

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value.

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

The Group presents its consolidated statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 21.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations 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 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement.*

These amendments had no impact on the consolidated financial statements of the Group.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Company

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 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 1 January 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.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

2.4 SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statement comprises the financial statements of the Parent Company and subsidiary as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The consolidated financial statements of the Group include:

Name	*Country of incorporation*	*Principal activities*	*% equity interest 2022*	*% equity interest 2021*
Wafra Mena Capital SPC Ltd *	Cayman Islands	Investment entity	**100**	100
Wafra Mena Capital SPC - Pure Harvest SP **	Cayman Islands	Investment entity	**89**	89
Wafra Mena Capital SPC - SARY SP **	Cayman Islands	Investment entity	**73**	-

* During the year the Project Greenhouse SPC Ltd was changed to Wafra Mena Capital SPC Ltd

**Wafra Mena Capital SPC Ltd being a segregated portfolio company include two segregated portfolios: Pure Harvest Segregated Portfolio and SARY Segregated Portfolio

Revenue recognition

Revenue is recognised 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.

Management fees and commission income

The Group earns management fees and commission income from a diverse range of financial services it provides to its customers. Management fees and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Group's revenue contracts do not typically include multiple performance obligations.

When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period of a service provided over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Interest income

Interest income is presented separately from revenue from contracts with customers in the consolidated statement of profit or loss and is over recognised at it accrues using the effective interest rate method.

Dividend income

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

Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year, in accordance with the modified calculation based on the foundation's Board of Directors resolution, which states that the transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

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.

Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit for the year (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, non-restricted cash at banks, cash held in investment portfolios and short-term deposits that are due within three months and convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

Term deposits
Term deposits represent deposits with banks due after three months from the placement date and earn interest.

Financial instruments

Financial assets
a) Recognition and initial measurement
Account receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Account receivable without a significant financing component is initially measured at the transaction price.

b) Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, at FVOCI as at FVTPL if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Financial assets (continued)

Financial assets – Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Financial assets (continued)

Financial assets – Subsequent measurement and gains and losses

▸ Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
▸ Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
▸ Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
▸ Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

c) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and other accruals, lease liabilities and liabilities arising from repurchase agreements.

b) Subsequent measurement

Accounts payable and other liabilities

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

c) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Repurchase agreements
Securities sold under agreements to repurchase ("repos") at a specified future date are not derecognised from the consolidated statement of financial position as the Group retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within repurchase agreements with counterparties, reflecting the transaction's economic substance.

The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the effective interest rate.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all financial assets 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, discounted at an approximation of the 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group applies a three-stage approach to measure the expected credit loss on bank balances and debt investments as follows:

Stage 1: 12 months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECL – credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

For account receivables and other receivables, the Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses. 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 balances and the Group's economic environment.

The management considers a financial asset in default when the contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Write-off of financial assets at amortised cost
The Group writes off a financial asset at amortised cost when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement and recognition of expected credit losses
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 for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 - 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

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

The Group's senior management determines the policies and procedures for recurring fair value measurement, such as unquoted equity investments.

The Group measures financial instruments such as investment in equity securities and mutual funds, at fair value at each reporting date. Fair-value related disclosures for financial instruments that are measured at fair value, including the valuation methods, significant estimates and assumptions are disclosed in Note 23

Investment in an associate
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate (continued)
The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash-generating unit's (CGU) recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Employees' end of service benefits
The Group provides end of service benefits to all 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. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group also makes contributions to 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.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies
Transactions in foreign currencies are recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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

Events after the reporting period
If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Classification of investments
Classification of investments is based on management's intention at acquisition and requires considerable judgment.

Classification of financial assets
The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., five years). Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of investment in an associate
Investment in associates are accounted for under the equity method of accounting for associates, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the Group 's share of the net assets of the associates less any impairment losses. The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Impairment of financial assets at amortised cost
The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. For account receivables and other receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

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 technological obsolescence that may change the utility of certain software and IT equipment.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

4 FEE INCOME

	2022	*2021*
	KD	*KD*
Management fees	**12,250,091**	10,428,682
Incentive fees	**1,505,207**	-
Other fees	**143,900**	-
	13,899,198	10,428,682

	2022	*2021*
	KD	*KD*
Timing of revenue recognition		
Over time	**12,250,091**	10,428,682
At a point in time	**1,649,107**	-
Total revenue from contracts with customers	**13,899,198**	10,428,682

5 ADMINISTRATIVE EXPENSES

	2022	*2021*
	KD	*KD*
Staff costs	**4,484,465**	3,900,863
Depreciation	**252,450**	262,466
Other administrative expenses	**1,047,213**	1,423,566
	5,784,128	5,586,895

6 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	2022	*2021*
Profit for the period attributable to equity holders of the Parent Company (KD)	**5,831,245**	14,833,763
Weighted average number of ordinary shares outstanding during the year (shares)	**150,000,000**	150,000,000
Basic and diluted earnings per share (fils)	**38.87**	98.89

7 CASH AND CASH EQUIVALENTS

	2022	*2021*
	KD	*KD*
Bank balances	**1,179,993**	246,975
Short-term deposits	**3,414,393**	552,125
Call accounts	**1,541,571**	3,256,085
	6,135,957	4,055,185

Short-term deposits are denominated in both local and foreign currencies with maturities of three months or less and earn an average effective interest rate of 5.06% (2021: 1.75%) per annum. Call accounts are also denominated in both local and foreign currencies.

8 TERM DEPOSITS

Term deposits are denominated in both local and foreign currencies having contractual maturities of more than three months and earn an average effective interest rate ranging from 4.7% to 5.8% (2021: 1.75% to 3%) per annum.

9 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2022 KD	*2021 KD*
Accrued management fees	**2,993,436**	2,850,550
Advance subscriptions *	**778,359**	4,333,985
Other assets	**512,290**	554,156
	4,284,085	7,738,691

* Advance paid for subscriptions in local and foreign securities.

10 INVESTMENT IN AN ASSOCIATE

Name of the associate	*Country of incorporation*	***Effective equity interest %***		*Principal activities*
		2022	*2021*	
Sanam Real Estate K.S.C.P. ("Sanam")	Kuwait	**24.13%**	24.13%	Real estate

The following table illustrates the summarised financial information of the associate. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of these amounts.

	2022 KD	*2021 KD*
Current assets	**1,747,503**	3,376,278
Non-current assets	**6,271,230**	7,006,507
Current liabilities	**(133,403)**	(799,181)
Non-current liabilities	**(50,235)**	(42,655)
Equity	**7,835,095**	9,540,949
Group's share in equity	**1,890,609**	2,302,232
Impairment losses	**(1,246,051)**	(1,246,051)
Group's carrying amount	**644,558**	1,056,181
Revenue	**354,710**	1,213,082
(Loss) profit for the year	**(1,705,854)**	838,736
Group's share of (loss) profit for the year	**(411,623)**	202,387

As at 31 December 2022, the fair value of the Group's interest in Sanam, which is listed in Boursa Kuwait (based on quoted market price) was KD 1,771,840 (2021: KD 2,134,463). Management has assessed whether there is any objective evidence that its investment in an associate is considered impaired. As a result of the exercise, the management has concluded that no impairment provision is considered necessary in the current year.

10 INVESTMENT IN AN ASSOCIATE (continued)

A reconciliation of the above summarised financial information to the carrying amount of the associate is set out below:

Reconciliation to carrying amounts

	2022 ***KD***	*2021* *KD*
As at 1 January	**1,056,181**	853,794
Share of result	**(411,623)**	202,387
As at 31 December	**644,558**	1,056,181

11 INVESTMENT SECURITIES

	2022 ***KD***	*2021* *KD*
Financial assets at fair value through profit or loss:		
Local quoted shares	**336,607**	411,522
Local unquoted funds	**26,237,137**	24,792,437
Foreign unquoted shares	**4,478,279**	2,653,368
Foreign unquoted funds	**5,044,595**	20,605,239
	36,096,618	48,462,566
Financial assets at fair value through other comprehensive income:		
Local unquoted equity securities	**1,457,317**	954,455
Local quoted equity securities	**5,541,692**	5,378,349
Foreign unquoted equity securities	**10,965,959**	9,858,887
Foreign quoted equity securities	**26,416,633**	12,431,447
Foreign quoted debt securities *	**2,024,455**	4,620,292
	46,406,056	33,243,430

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 23.

*All the foreign quoted debt securities are classified under stage 1. ECL recognised on these securities during the year amounted to KD 19,192 (2021: KD 5,270).

12 FINANCIAL ASSETS AT AMORTISED COST

These represent investment in subordinated bonds issued by local banks and carry an interest rate of 4% to 5.75% (2021: 3.75% to 4.75%) per annum and have maturity dates between December 2023 and March 2026 (2021: December 2023 and March 2026). Investments in bonds are subject to expected credit losses.

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL for debt instruments measured at amortised cost is as follows:

	2022 ***KD*** ***Stage 1***	*2021* *KD* *Stage 1*
Gross carrying amount as at 1 January	**6,794,701**	6,085,275
New assets originated or purchased	**400,000**	2,200,000
Redemption of assets	**-**	(1,500,000)
Realised gain on assets derecognised	**-**	4,030
Remeasurement of ECL	**(523)**	5,396
	7,194,178	6,794,701

13 ACCOUNT PAYABLES AND OTHER ACCRUALS

	2022	*2021*
	KD	*KD*
Account payables	**480,046**	367,623
Accrued expenses	**1,474,237**	1,458,713
Other liabilities	**694,890**	834,530
	2,649,173	2,660,866

14 REPURCHASE AGREEMENTS

During the year, the Parent Company has entered not into any repurchase agreements with a bank (2021: KD 2,877,400), and the fair value of investment securities that had been provided as collateral was KD Nil (2021: KD 3,446,626).

The Parent Company has netting agreements in relation to these repurchase transactions in place with counterparties to manage the associated credit risks. These netting agreements and similar arrangements generally enable the counterparties to set-off liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it, thus, reducing credit exposure. However, the offsetting criteria in IAS 32 are not met in all cases.

The following table summarise the liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral given for these financial liabilities, and whether offset is achieved in the consolidated statement of financial position:

	Offsetting recognised on the balance sheet			***Netting potential not recognised on the balance sheet***			***Total liability***	***Maximum exposure to risk***
	Gross liabilities before offsetting KD	***Offsetting with gross assets * KD***	***Net liability recognised on the consolidated statement of financial position KD***	***Financial assets KD***	***Cash collateral pledge KD***	***Liabilities after consideration of netting Potential @ KD***	***Recognised on the consolidated statement of financial position KD***	***After consideration of netting potential***
2022								
Type of financial liability								
Payable under repurchase agreement	-	-	-	-	-	-	-	-
2021								
Type of financial liability								
Payable under repurchase agreement	2,877,400	-	2,877,400	(3,446,626)	-	-	2,877,400	-

* "Offsetting with gross assets" column represents amounts that can be offset under IAS 32.
@ Amounts have been capped by the relevant netting agreement so as not to exceed the net amount of financial assets presented on the balance sheet; (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default.)

15 SHARE CAPITAL

Authorized, issued and fully paid up share capital consists of 150,000,000 (2021: 150,000,000) shares of 100 fils (2021: 100 fils) each. All shares were paid in cash.

16 RESERVE

a) Statutory Reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year attributable to equity holders of the Parent Company before tax and board of directors' remuneration shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves.

Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

b) Voluntary reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year attributable to equity holders of the Parent Company before tax and board of directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

17 DIVIDEND DISTRIBUTION

	2022	*2021*
	KD	*KD*
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2021: 30 fils per share (2020: 15 fils per share)	**4,500,000**	2,250,000

The shareholders at AGM held on 9 May 2022 approved the proposed dividend for the year ended 31 December 2021, which have been paid on 31 May 2022.

Proposed dividends on ordinary shares:		
Proposed cash dividend for 2022: 15 fils per share (2021: 30 fils per share)	**2,250,000**	4,500,000

The Board of Directors in their meeting held on 14 March 2023, proposed a cash dividend of 15% (2021: 30%) of the paid-up share capital, amounting to KD 2,250,000 (2021: KD 4,500,000) for the year ended 31 December 2022. Proposed dividends on ordinary shares are subject to approval at the annual general assembly meeting and are not recognised as a liability as at 31 December.

18 FIDUCIARY ASSETS

In the normal course of business, the Parent Company carries out investment management and custody services on behalf of others. As at 31 December 2022, the value of fiduciary assets amounted to KD 2,714,824,618 (2021: KD 2,714,026,725) of which KD 2,523,199,316 (2021: KD 2,495,130,804) relates to the principal shareholder of the Parent Company. Fiduciary assets are excluded from the consolidated statement of financial position of the Group.

Income earned from fiduciary assets amounted to KD 12,250,091 for the year ended 31 December 2022 (2021: KD 10,428,682).

19 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Transactions with related parties are as follows:

	Ultimate Parent Company KD	*Other related parties KD*	*2022 KD*	*2021 KD*
Consolidated statement of profit or loss:				
Management fees	**10,317,669**	**228,670**	**10,546,339**	10,112,054
Consolidated statement of financial position				
Accounts receivable and other assets	**2,510,178**	**338,413**	**2,848,591**	4,515,997
Right-of-use assets	**-**	**391,006**	**391,006**	380,221
Lease labilities	**-**	**408,014**	**408,014**	397,113
Financial assets at FVTPL	**-**	**26,237,137**	**26,237,137**	24,792,437
Off – balance sheet items				
Fiduciary assets managed on behalf of related parties	**2,523,199,316**	**54,584,897**	**2,577,784,213**	2,503,321,046

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Group has not recognised any allowance for expected credit losses relating to amounts owed by related parties (2021: KD Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel

19Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows.

	2022 KD	*2021 KD*
Salaries and other short-term benefits	**685,765**	852,288
Employees' end of service benefits	**70,048**	77,738
	755,813	930,026

The Board of Directors of the Parent Company proposed a directors' remuneration of KD 111,356 for the year ended 31 December 2022 (2021: KD 115,000). This proposal is subject to the approval of the shareholders at the AGM.

Directors' remuneration for prior year was approved by shareholders at AGM held on 9 May 2022.

20 COMMITMENTS AND CONTINGENCIES

Contingent liabilities

As at 31 December 2022, the Group had contingent liabilities in respect of bank guarantees provided in the ordinary course of business amounting to KD 200,000 (2021: KD 200,000).

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of accounts payables, lease liabilities and liabilities arising from repurchase agreements which arise from the Group's operations in normal course of business. The main objective of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income, l, receivables, term deposits and cash and cash equivalents in normal course of business that derive directly from its operations. The Group also holds investments in equity instruments and bonds.

The Group is exposed to market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Parent Company's senior management oversees the management of these risks. The Parent Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits, debt and equity investments.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the KD. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group currently does not use financial derivatives to manage its exposure to currency risk. The Group manages its foreign currency risk based on the limits determined by management and a continuous assessment of the Group's open positions, current and expected exchange rate movements. The Group ensures that its net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the KD.

The following tables set out the Group's exposure to significant foreign currency exchange rates on monetary financial assets and liabilities at the reporting date:

	Net exposure	
	2022	*2021*
Currency	***KD***	*KD*
US Dollar (USD)	**43,579,186**	44,691,442
EURO (EUR)	**4,681,336**	5,622,316
Emirati Dirham (AED)	**266,262**	118,647
Saudi Riyal (SAR)	**9,114,716**	9,251,065

Foreign exchange rate sensitivity

The following tables demonstrate the effect of a reasonably possible change in the aforementioned exchange rates, with all other variables held constant.

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.1 Market risk (continued)

a) Foreign currency risk (continued)
The impact on the Group's profit due to changes in the fair value of monetary assets and liabilities is as follows:

	% Change in exchange rate	*Effect on results*	
		2022	*2021*
Currency		***KD***	*KD*
USD	**+ 5%**	**2,178,959**	2,234,572
	- 5%	**(2,178,959)**	(2,234,572)
EUR	**+ 5%**	**234,067**	281,116
	- 5%	**(234,067)**	(281,116)
AED	**+ 5%**	**13,313**	5,932
	- 5%	**(13,313)**	(5,932)
SAR	**+ 5%**	**455,736**	462,553
	- 5%	**(455,736)**	(462,553)

There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

An equivalent decrease in each of the aforementioned currencies against the KD would have resulted in an equivalent but opposite impact.

b) Interest rate risk
The Group is exposed to interest risk on short term deposits and call accounts which mature or reprice in the short-term, no longer than twelve months. The effective average interest rates are disclosed in Notes 7 and 8. As a result, the Group is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. The sensitivity of Group's profit in the consolidated statement of profit or loss as a result of changes in floating interest rates, on financial assets and financial liabilities held at 31 December 2022 and 2021 would not be material.

c) Equity price risk
The Group's exposure to equity securities price risk arises from investments held by the Group and classified as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL) (Note 10). The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Parent Company's senior management on a regular basis. The Group's investment executive committee reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was KD 16,901,555 (2021: KD 13,466,710). Sensitivity analyses of these investments have been provided in Note 23.

The Group's listed equity investments are publicly traded and are included either in the Kuwait Stock Exchange ("Boursa Kuwait"), GCC markets or other markets.

The table below summarises the impact of increases/decreases of these price indexes on the Group's equity for the period. The analysis is based on the assumption that the equity indexes had increased or decreased by 5% and 5% respectively, with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

2022

Market indices	***% change in equity price***	***Effect on results KD***	***Effect on equity KD***
Boursa Kuwait	+ 5%	**16,830**	**277,085**
	- 5%	**(16,830)**	**(277,085)**
GCC markets	+ 5%	**-**	**428,493**
	- 5%	**-**	**(428,493)**
Other markets	+ 5%	**-**	**892,338**
	- 5%	**-**	**(892,338)**

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

2021

Market indices	*% change in equity price*	*Effect on results KD*	*Effect on equity KD*
Boursa Kuwait	+ 5%	20,576	268,917
	- 5%	(20,576)	(268,917)
GCC markets	+ 5%	-	426,892
	- 5%	-	(426,892)
Other markets	+ 5%	-	194,680
	- 5%	-	(194,680)

21.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, including cash at banks and other financial instruments.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2022 KD	*2021 KD*
Cash and cash equivalents	**6,135,957**	4,055,185
Term deposits	**12,323,319**	10,396,215
Accounts receivable and other assets	**3,505,726**	3,404,706
Debt investments at FVOCI	**2,024,455**	4,620,292
Financial assets at amortised cost	**7,194,178**	6,794,701
Credit exposure on assets	**31,183,635**	29,271,099

Cash and cash equivalents and term deposits

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

The Group considers that its cash and cash equivalents and term deposits have low credit risk based on the external credit ratings of the counterparties.

Accounts receivable and other assets

The Group uses a provision matrix based on the Group's historical observed default rates to measure the ECLs of account receivables from individual customers, which comprise a very large number of small balances. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Generally, accounts receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

As a result, the impact of application of the expected credit risk model at reporting date was immaterial.

Debt investments and financial assets at amortised cost

Debt instruments at FVOCI and amortised cost are subject to the impairment requirements of IFRS 9. Management has computed the expected credit losses (ECL) based on the three-stage approach to measure the ECL. The measurement of ECL 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. Accordingly, management has recorded charge of ECL amounting to KD 19,715 (2021: reversal of KD 127) for the year then ended.

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.3 Concentration of financial assets

The distribution of financial assets by geographic region for 2022 and 2021 is as follows:

2022	***State of Kuwait KD***	***International KD***	***GCC KD***	***Total KD***
Cash and cash equivalents	**3,805,893**	**1,496,960**	**833,104**	**6,135,957**
Term Deposits	**8,441,334**	**-**	**3,881,985**	**12,323,319**
Accounts receivable and other assets	**3,134,103**	**370,275**	**1,348**	**3,505,726**
Debt investments at FVOCI	**-**	**-**	**2,024,455**	**2,024,455**
Financial assets at amortised cost	**7,194,178**	**-**	**-**	**7,194,178**
Credit exposure on assets	**22,575,508**	**1,867,235**	**6,740,892**	**31,183,635**

2021	*State of Kuwait KD*	*International KD*	*GCC KD*	*Total KD*
Cash and cash equivalents	2,155,709	837,298	1,062,178	4,055,185
Term Deposits	6,197,821	-	4,198,394	10,396,215
Accounts receivable and other assets	3,045,979	283,500	75,227	3,404,706
Debt investments at FVOCI	-	-	4,620,292	4,620,292
Financial assets at amortised cost	6,794,701	-	-	6,794,701
Credit exposure on assets	18,194,210	1,120,798	9,956,091	29,271,099

21.4 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on an ongoing basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow.

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.4 Liquidity risk (continued)

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities as at 31 December:

2022	*Within 3 months KD*	*3 months to 1 year KD*	*More than 1 year KD*	*Total KD*
Account payables and other accruals	**2,208,765**	**440,408**	**-**	**2,649,173**
Lease liabilities	**47,280**	**141,840**	**247,472**	**436,592**
	2,256,045	**582,248**	**247,472**	**3,085,765**
2021				
Account payables and other accruals	2,269,456	391,410	-	2,660,866
Lease liabilities	37,890	113,670	274,070	425,630
Repurchase agreements	2,877,400	-	-	2,877,400
	5,184,746	505,080	274,070	5,963,896

22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

	2022		
	Within 12 months KD	*After 12 months KD*	*Total KD*
ASSETS			
Cash and cash equivalents	**6,135,957**	**-**	**6,135,957**
Term deposits	**12,323,319**	**-**	**12,323,319**
Account receivables and other assets	**4,284,085**	**-**	**4,284,085**
Investment in an associate	**-**	**644,558**	**644,558**
Financial assets at fair value through profit or loss	**36,096,618**	**-**	**36,096,618**
Financial assets at fair value through other comprehensive income	**-**	**46,406,056**	**46,406,056**
Financial assets at amortised cost	**-**	**7,194,178**	**7,194,178**
Right-of-use assets	**-**	**391,006**	**391,006**
Property and equipment	**-**	**469,082**	**469,082**
Total assets	**58,839,979**	**55,104,880**	**113,944,859**
LIABILITIES			
Account payables and other liabilities	**2,649,173**	**-**	**2,649,173**
Lease liabilities	**174,315**	**233,699**	**408,014**
Employees' end of service benefits	**-**	**2,418,828**	**2,418,828**
Total liabilities	**2,823,488**	**2,652,527**	**5,476,015**
Net	**56,016,491**	**52,452,353**	**108,468,844**

22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

	2021		
	Within 12 months KD	*After 12 months KD*	*Total KD*
ASSETS			
Cash and cash equivalents	4,055,185	-	4,055,185
Term deposits	10,396,215	-	10,396,215
Account receivables and other assets	7,738,691	-	7,738,691
Investment in an associate	-	1,056,181	1,056,181
Financial assets at fair value through profit or loss	48,462,566	-	48,462,566
Financial assets at fair value through other comprehensive income	-	33,243,430	33,243,430
Financial assets at amortised cost	-	6,794,701	6,794,701
Right-of-use assets	-	380,221	380,221
Property and equipment	-	160,840	160,840
Total assets	70,652,657	41,635,373	112,288,030
LIABILITIES			
Account payables and other liabilities	2,660,866	-	2,660,866
Lease liabilities	136,482	260,631	397,113
Repurchase agreements	2,877,400	-	2,877,400
Employees' end of service benefits	-	1,920,719	1,920,719
Total liabilities	5,674,748	2,181,350	7,856,098
Net	64,977,909	39,454,023	104,431,932

23 FAIR VALUE MEASURMENT

Fair value hierarchy

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

- Level 1 - 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

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

23 FAIR VALUE MEASURMENT (continued)

23.1 Financial instruments

The following tables provide the fair value measurement hierarchy of the Group's financial assets:

	Fair value measurement using			
2022	***Quoted prices in active markets Level 1 KD***	***Significant observable inputs Level 2 KD***	***Significant unobservable inputs Level 3 KD***	***Total KD***
Assets measured at fair value:				
Financial assets at FVPL				
- Quoted shares	**336,607**	**-**	**-**	**336,607**
- Unquoted funds	**-**	**31,281,732**	**-**	**31,281,732**
- Unquoted shares	**-**	**-**	**4,478,279**	**4,478,279**
Financial assets at FVOCI				
- Quoted equity securities	**31,958,325**	**-**	**-**	**31,958,325**
- Quoted debt securities	**2,024,455**	**-**	**-**	**2,024,455**
- Unquoted equity securities	**-**	**-**	**12,423,276**	**12,423,276**
	34,319,387	**31,281,732**	**16,901,555**	**82,502,674**

	Fair value measurement using			
2021	*Quoted prices in active markets Level 1 KD*	*Significant observable inputs Level 2 KD*	*Significant unobservable inputs Level 3 KD*	*Total KD*
Assets measured at fair value:				
Financial assets at FVPL				
- Quoted shares	411,522	-	-	411,522
- Unquoted funds	-	45,397,676		45,397,676
- Unquoted shares	-	-	2,653,368	2,653,368
Financial assets at FVOCI				
- Quoted equity securities	17,809,796	-	-	17,809,796
- Quoted debt securities	4,620,292	-	-	4,620,292
- Unquoted equity securities	-	-	10,813,342	10,813,342
	22,841,610	45,397,676	13,466,710	81,705,996

There were no transfers between any levels of the fair value hierarchy during 2022 or 2021.

Management assessed that the fair value of the following financial assets and liabilities approximate their carrying amounts:

- Cash and cash equivalents
- Accounts receivables and other assets
- Other financial assets at amortised cost
- Repurchase agreements
- Accounts payable and other accruals

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

Listed investment in equity and debt securities

Fair values of publicly traded equity and debt securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

23 FAIR VALUE MEASURMENT (continued)

Valuation methods and assumptions (continued)

Unlisted equity investments
The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses a market-based valuation technique for the majority of these positions. The Group determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Group classifies the fair value of these investments as Level 3.

Unlisted mutual funds
The Group invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods. The management considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the net asset value (NAV) of these investee funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the investee fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the investee fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the investee fund, the Group classifies these funds as either Level 2 or Level 3.

Reconciliation of Level 3 fair values
The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	2022	*2021*
	KD	*KD*
Unquoted equity shares at FVTPL		
At the beginning of the year	**2,653,368**	3,051,164
Net purchases and (sales)	**1,519,500**	-
Change in fair value	**305,411**	(397,796)
At the end of the year	**4,478,279**	2,653,368
Unquoted equity shares at FVOCI		
At the beginning of the year	**10,813,342**	8,280,649
Net purchases	**2,225,468**	2,423,633
Change in fair value	**(615,534)**	109,060
At the end of the year	**12,423,276**	10,813,342

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December are as shown below:

Significant unobservable valuation inputs	**Range**	**Sensitivity of the input to fair value**
Discount for lack of marketability (DLOM)	10%-75% (2021: 25%-75%)	10 % (2021: 10%) increase (decrease) in the discount would decrease (increase) the fair value by KD 110,685 (2021: KD 90,015)

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

24 CAPITAL MANAGEMENT

The primary objective of the Group 's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may review the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021. Capital comprises share capital and all other equity reserves (excluding statutory reserve) and is measured at KD 93,640,848 as at 31 December 2022 (2021: KD 90,659,169).

In addition to the above, the adequacy of the Group's capital is monitored using, the rules and ratios established by the Capital Markets Authority in supervising the Company.

As of the reporting date, the Group is in compliance with minimum required regulatory capital adequacy ratio for the year ended 31 December 2022 and 31 December 2021 in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

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