AL MASSALEH REAL ESTATE K.S.C.P.
AND SUBSIDIARIES
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH
INDEPENDENT AUDITOR'S REPORT

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STATE OF KUWAIT

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Al Massaleh Real Estate K.S.C.P.
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Qualified opinion

We have audited the consolidated financial statements of Al Massaleh Real Estate K.S.C.P. ("the Parent Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for qualified Opinion

1) The consolidated financial statements for the year ended December 31, 2021, includes the financial information of the subsidiary companies (Gemxija Crown Limited ("Gemxija")) and (Al Massaleh Gulf Limited and its subsidiaries) which represent 16.3% and 22.9% of the Group's total consolidated assets and liabilities, respectively (2020: 19.8% and 28.1%). The consolidated financial statements for the year ended December 31, 2021, of the abovementioned subsidiaries include expenses of KD 700,837 (2020: revenue recognized of KD 1,097,402 and expenses of KD 4,073,112) of the Group's total revenue and expenses. The balances and results of these subsidiaries have been included in the Group's consolidated financial statements based on management accounts prepared by the management of these subsidiaries. We were not able to verify balances, transactions and disclosures included in the management accounts of these subsidiaries because we were not able to obtain the financial statements, or to have access to the management and auditors of these subsidiaries. Accordingly, we are not able to identify any adjustments that may be necessary in relation to this matter to the accompanying consolidated financial statements. In addition, the management of the Parent Company has not assessed nor accounted for any penalties that could result from Gemxija's default on settlement of its loan principal as disclosed in Note (11) to the consolidated financial statements. Consequently, we were not able to determine whether any adjustments were necessary for the accompanying consolidated financial statements.

2) The consolidated financial statements for the year ended December 31, 2021 includes the financial information of the associates (Venus International Company E.S.C.) and (CAFI Commodity and Freight Integrators D.M.C.C.) by an amount KD 3,554,819 (2020: KD 4,760,598). The Group's consolidated financial statements for the year ended December 31, 2021 includes share of losses of the abovementioned associates of KD 973,762 (2020: share of profits by amount of KD 612,800). Those associates have been equity accounted for in the Group's consolidated financial statements based on management accounts prepared by the management of these associates. We were not able to verify balances, transactions and disclosures included in the management accounts of these associates because we were not able to obtain the financial statements and information, or to have access to its management and auditors. Accordingly, we are not able to identify any adjustments that may be necessary in relation to this matter to the accompanying consolidated financial statements.

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

Emphasis of matter

We draw attention to Note (27) to the consolidated financial statements which indicate that the Group incurred a loss of KD 3,002,768 during the year ended December 31, 2021 (2020: KD 3,480,696), and as of that date, the Group's accumulated losses amounted to KD 11,373,533 (2020: KD 8,659,061), and the Group's current liabilities exceeded its current assets by KD 24,083,370 (2020: KD 20,337,324). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. This matter is not considered to be an additional qualification to our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, to the matters described in the Basis for "qualified opinion paragraph", for each matter below, our description of how our audit addressed the matter is provided in that context.

Impairment losses of investment properties

The Groups' assets include properties classified as investment properties with a net book value of KD 70,005,638 as of December 31, 2021 (2020: KD 60,669,577), which represents a significant part of the Group's total assets. Investment properties are accounted for at cost less accumulated depreciation and impairment losses which is estimated by determining the recoverable value.

Assessing the impairment losses of these properties, represents a significant judgment area, which is highly dependent on estimates. Therefore, we have identified the assessment of impairment losses of these assets as a key audit matter. The fair value of these properties is determined by two licensed appraisers on an annual basis. These valuations among others are based on assumptions, such as, estimating rental revenue, discount rates, occupancy rates, market knowledge and historical transactions.

For assessing the impairment losses of these properties, appraisers used valuation techniques such as income capitalization and market comparable approach, taking into consideration the nature and usage of these properties on sample basis. We have reviewed the valuation reports from the licensed appraisers. We further focused on the adequacy of the disclosures regarding the valuation of these properties. Disclosures of this item are included in Note (9) to the consolidated financial statements.

Other Information included in the Group's 2021 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2021 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We have obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

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

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

Management of the Parent Company 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 Parent Company's financial reporting process.

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

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

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

- 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 of the Group.

- 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 Parent Company or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Also, 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, except for the matters described in the basis of "qualified opinion paragraph" above, have obtained the information that we require to perform our audit, and the consolidated financial statements include the disclosures required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, physical stocktaking was carried out in accordance with recognized practice. According to the information available to us there were no contraventions during the year ended December 31, 2021 of either the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, which might have materially affected the Parent Company's operations or its consolidated financial position, except for investing in associate companies, as it is not among the main activities of the Parent Company.

Furthermore, we are not aware of any material violations of the provisions of Law 7 of 2010, and its Executive Regulations, as amended, relating to the Capital Markets Authority and its related regulations during the year ended December 31, 2021 that might have had a material effect on the Parent Company's financial position or results of its operations.

Nayef M. Al Bazie
License No. 91-A
RSM Albazie & Co.

State of Kuwait
March 30, 2022

AL MASSALEH REAL ESTATE K.S.C.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
All amounts are in Kuwaiti Dinars

ASSETS	Note	2021	2020
Current assets:			
Cash and cash equivalents	3	**1,368,077**	2,710,638
Financial assets at fair value through profit or loss	4	**2,314,615**	-
Accounts receivable and other debit balances	5	**1,157,280**	709,413
Due from related parties	6	**2,863,428**	2,726,345
Total current assets		**7,703,400**	6,146,396
Non-current assets:			
Financial assets at fair value through other comprehensive income	7	**1,487,547**	1,009,933
Investment in associates	8	**3,554,821**	4,760,600
Investment properties	9	**70,005,638**	60,669,577
Land and properties held for development	10	**15,674,475**	17,378,774
Property and equipment		**19,100**	13,618
Total non-current assets		**90,741,581**	83,832,502
Total assets		**98,444,981**	89,978,898
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Term loan	11	**14,047,317**	15,285,205
Accounts payable and other credit balances	12	**8,264,458**	8,316,991
Due to related parties	6	**9,299,813**	2,706,342
Dividend payable		**175,182**	175,182
Total current liabilities		**31,786,770**	26,483,720
Non-current liabilities:			
Finance lease payable	13	**52,000,000**	46,250,000
Provision for end of service indemnity	14	**264,246**	296,051
Total non-current liabilities		**52,264,246**	46,546,051
Total liabilities		**84,051,016**	73,029,771
Shareholders' equity:			
Share capital	15	**23,565,439**	23,565,439
Statutory reserve	16	**4,198,721**	4,198,721
Cumulative change in fair value reserve		**261,472**	(216,142)
Foreign currency translation reserve		**568,120**	841,934
Accumulated losses		**(11,373,533)**	(8,659,061)
Equity attributable to shareholders of the Parent Company		**17,220,219**	19,730,891
Non-controlling interests		**(2,826,254)**	(2,781,764)
Total equity		**14,393,965**	16,949,127
Total liabilities and shareholders' equity		**98,444,981**	89,978,898

The accompanying notes (1) to (30) form an integral part of the consolidated financial statements.

Mohamed Al-Saleh
Chairman

AL MASSALEH REAL ESTATE K.S.C.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts are in Kuwaiti Dinars)

	Note	**2021**	2020
Operating revenues		**4,713,486**	5,561,437
Operating costs	19	**(2,157,199)**	(2,065,232)
Gross profit		**2,556,287**	3,496,205
General and administrative expenses	20	**(581,287)**	(786,049)
Provision for expected credit losses	(5-b), (6-a)	**-**	(896,244)
Financial assets income		**159,352**	-
Share of results from associates	8	**(973,762)**	612,800
Impairment loss of investment properties	9	**(1,839,615)**	(54,753)
Impairment loss of land and properties held for development	10	**(341,701)**	(1,571,789)
Provision for legal cases	28	**(199,968)**	(2,078,726)
Other income		**3,022**	3,665
Interest income		**9,827**	15,407
Finance costs	6	**(1,794,923)**	(2,221,212)
Loss for the year		**(3,002,768)**	(3,480,696)
Attributable to:			
Shareholders of the Parent Company		**(2,714,472)**	(1,662,728)
Non-controlling interests		**(288,296)**	(1,817,968)
Loss for the year		**(3,002,768)**	(3,480,696)
Basic and diluted losses per share attributable to shareholders of the Parent Company (fils)	21	**(11.52)**	(7.06)

The accompanying notes (1) to (30) form an integral part of the consolidated financial statements.

	Note	**2021**	2020
Loss for the year		**(3,002,768)**	(3,480,696)
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Exchange difference on translating foreign operations		**(30,008)**	132,426
Item that will not be reclassified subsequently to consolidated statement of profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income	7	**477,614**	48,511
Other comprehensive income for the year		**447,606**	180,937
Total comprehensive loss for the year		**(2,555,162)**	(3,299,759)
Attributable to:			
Shareholders of the Parent Company		**(2,510,672)**	(1,246,672)
Non-controlling interests		**(44,490)**	(2,053,087)
Total comprehensive loss for the year		**(2,555,162)**	(3,299,759)

The accompanying notes (1) to (30) form an integral part of the consolidated financial statements.

AL MASSALEH REAL ESTATE K.S.C.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders							
	Share capital	Statutory reserve	Cumulative change in fair value reserve	Foreign currency translation reserve	Accumulated losses	Sub-total	Non -controlling interests	Total equity
Balance as at December 31, 2019	23,565,439	4,198,721	(264,653)	474,389	(6,996,333)	20,977,563	(728,677)	20,248,886
Loss for the year	-	-	-	-	(1,662,728)	(1,662,728)	(1,817,968)	(3,480,696)
Other comprehensive income (loss) for the year	-	-	48,511	367,545	-	416,056	(235,119)	180,937
Total comprehensive income (loss) for the year	-	-	48,511	367,545	(1,662,728)	(1,246,672)	(2,053,087)	(3,299,759)
Balance at December 31, 2020	23,565,439	4,198,721	(216,142)	841,934	(8,659,061)	19,730,891	(2,781,764)	16,949,127
Loss for the year	-	-	-	-	(2,714,472)	(2,714,472)	(288,296)	(3,002,768)
Other comprehensive income (loss) for the year	-	-	477,614	(273,814)	-	203,800	243,806	447,606
Total comprehensive income (loss) for the year	-	-	477,614	(273,814)	(2,714,472)	(2,510,672)	(44,490)	(2,555,162)
Balance at December 31, 2021	**23,565,439**	**4,198,721**	**261,472**	**568,120**	**(11,373,533)**	**17,220,219**	**(2,826,254)**	**14,393,965**

The accompanying notes (1) to (30) form an integral part of the consolidated financial statements.

AL MASSALEH REAL ESTATE K.S.C.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts are in Kuwaiti Dinars)

	Note	**2021**	2020
Cash flows from operating activities:			
Loss for the year		**(3,002,768)**	(3,480,696)
Adjustment for:			
Depreciation	9, 19	**1,409,518**	1,416,125
Provision for expected credit losses	(5-b), (6-a)	**-**	896,244
Financial assets income		**(159,352)**	-
Share of results from associates	8	**973,762**	(612,800)
Impairment loss of investment properties	9	**1,839,615**	54,753
Impairment loss of land and properties held for development	10	**341,701**	1,571,789
Provision for legal cases	28	**199,968**	2,078,726
Interest income		**(9,827)**	(15,407)
Finance cost	6	**1,794,923**	2,221,212
Provision for end of service indemnity	14	**21,080**	26,350
		3,408,620	4,156,296
Changes in working capital:			
Accounts receivable and other debit balances		**(447,867)**	(146,942)
Due from related parties		**80,429**	16,886
Accounts payable and other credit balances		**(252,501)**	(1,078,982)
Due to related parties		**(156,529)**	(1,777)
Cash flows generated from operations		**2,632,152**	2,945,481
End of service indemnity paid	14	**(52,885)**	(2,967)
Net cash flows generated from operating activities		**2,579,267**	2,942,514
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss	4	**(2,191,994)**	-
Additions on investment properties	9	**(115,194)**	(167,201)
Cash dividend received from an associate	8	**-**	75,711
Cash dividend income received		**45,913**	-
Interest income received		**9,827**	15,407
Net cash flows used in investing activities		**(2,251,448)**	(76,083)
Cash flows from financing activities			
Finance cost paid		**(1,794,923)**	(1,856,673)
Net cash flows used in financing activities		**(1,794,923)**	(1,856,673)
Net (decrease) increase in cash and cash equivalents		**(1,467,104)**	1,009,758
Foreign currency translation adjustments		**124,543**	(126,267)
Cash and cash equivalents at beginning of the year		**2,710,638**	1,827,147
Cash and cash equivalents at end of the year	3	**1,368,077**	2,710,638

The accompanying notes (1) to (30) form an integral part of the consolidated financial statements.

1. Incorporation and activities

Al Massaleh Real Estate K.S.C.P. (the "Parent Company") was incorporated as a Kuwaiti shareholding company and is listed on the Kuwait Stock Exchange. The Parent Company has been incorporated in accordance with article of association Ref No. 19 Volume 464 dated December 25, 1989. the latest notarization in the commercial registry under Ref. No.40671 dated December 2, 2021, According to which the authorized capital of the parent company has been increased as shown in (Note 15).

The main activities of the Parent Company are as follows:

- Ownership, sale and purchase and development of real estate and land for the Parent Company in the State of Kuwait and abroad, as well as management of properties owned by others provided that it is not in contrary to the provisions of the existing laws and the non-permitted trading activities in residential properties as stipulated by law.
- Owning, buying and selling shares and bonds of real estate companies to the account of the Parent Company only, inside State of Kuwait and abroad.
- Preparation of studies and providing consultancy services in the field of real estate provided that the required conditions to perform such services are fulfilled.
- Owning and managing hotels, health clubs and tourist facilities and renting and leasing it.
- Maintenance works related to buildings and real estate owned by the Parent Company and others, including maintenance, civil, mechanical, electrical works, as well as elevators and air-conditioning works to ensure preservation of buildings and their safety.
- Managing, operating and investing, leasing and rental of hotels, clubs, motels and guest houses, rest houses, parks, gardens, galleries, restaurants, cafeterias and residential complexes and touristic resorts and health projects, promotional, sports, shops and of different degrees and levels, including all of the original and support services, and its necessary relating facilities.
- Organization of real estate exhibitions of the Parent Company's own real estate projects, according to the applicable regulations by the ministry.
- Prepares real estate auctions in compliance with the applicable regulations by the ministry.
- Owning commercial markets and residential complexes.
- Employing excess funds available with the Parent Company by investing in financial portfolios managed by specialized parties.
- Direct contribution to the development of areas and of infrastructure, residential, commercial and industrial projects through build, operation and transfer (BOT) arrangement, and management of real estate facilities under BOT arrangement.

The registered address of the Parent Company is P.O. Box 719 Safat, 13008– State of Kuwait.

The financial statements were authorized by Board of Directors for issue on March 30, 2022. The Shareholders' Annual General Assembly has the authority to amend these financial statements after issuance.

2. Significant accounting policies

a) Basis of preparation

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Significant accounting policies are summarized as follows:

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost basis, except for Financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI") which are carried at fair value.

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

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in (Note 2 - v). The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended December 31, 2020, with the continuous impact of the COVID-19 outbreak on the Group which is detailed in (Note 30).

Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year:
The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2021:

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

The amendment was intended to apply until June 30 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

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

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

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

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

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

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

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

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

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

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

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

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

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

The amendments are effective for annual periods beginning on or after I January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

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.

These amendments, revisions and standards are not expected to have any material impact on the Group's consolidated financial statements.

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

Name of directly owned subsidiary	Country of incorporation	Principal activities	Percentage of holding 2021	2020
Massaleh Lebanon S.A.L. (Closed)	Lebanon	Real Estate	**100%**	100%
Saifi Crown Holding S.A.L. (Closed)	Lebanon	Real Estate	**100%**	100%
Saifi Crown S.A.L.	Lebanon	Real Estate	**75%**	75%
Beyout Al Massaleh Real Estate Company W.L.L.	State of Kuwait	Real Estate	**100%**	100%
Press Permanent Real Estate Exhibition Company W.L.L.	State of Kuwait	Real Estate	**100%**	100%
Real Estate Solutions K.S.C. (Closed) and subsidiaries	State of Kuwait	Real Estate	**70%**	70%
Al Massaleh Gulf Limited and subsidiaries	U.A.E	Real Estate	**100%**	100%
Polygon Real Estate Services K.S.C. (Closed) and subsidiaries	Kuwait	Real Estate	**100%**	100%
Showaty Alarab Elaqaria for Development Limited	Sudan	Real Estate	**73.48%**	73.48%
Sky Lease Company W.L.L.	Kuwait	Real Estate	**100%**	100%

Name of indirectly owned subsidiary	Country of incorporation	Principal activities	Percentage of holding 2021	2020
Held through Al Massaleh Gulf Limited				
Sidra Limited Company	U.A.E	Real Estate	**64.05%**	64.05%
Held through Polygon Real Estate Services K.S.C. (Closed)				
Maram B.V Dutch Company and its subsidiary	Netherlands	Real Estate	**100%**	100%
Gemxija Crown Limited	Malta	Real Estate	**57.5%**	57.5%

Subsidiaries are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:
- Has power over the investee.
- Is exposed or has rights to variable returns from its involvement with the investee.
- Has the ability to use its power to affect its returns.

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

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. If the Group loses control over a subsidiary, it:

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

c) Current vs non-current classification:

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

d) Financial instruments

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

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

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivable, due from/ to related parties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, term loan, accounts payable, dividend payables and finance lease payable.

Financial assets:

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

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

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.
The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the year.

Initial recognition
Purchases and sales of those financial assets are recognized on trade date – the date on which the Group is obliged to sell or buy the assets. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVPL.

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

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

Debt instruments at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Amortized cost and effective interest method

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

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

Cash and cash equivalents, accounts receivables and amounts due from related parties are classified as debt instruments at amortized cost.

- **Cash and cash equivalents**
  Cash and cash equivalents include cash in hand, at banks and cash in portfolios, short term bank deposits with highly liquid maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

- **Trade receivables**
  Receivables are amounts due from customers and tenants for units rented or services performed in the ordinary course of business and is recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Financial assets at FVPL

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

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

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

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

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

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

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

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

For related party balances, the Group has applied a forward-looking approach wherein recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach for the balances due from related parties, the Group applies a three-stage assessment to measuring ECL as follows:
- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk and
- Stage 2 (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low
- 'Stage 3' (credit impaired) - financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

In assessing whether the credit quality on a financial instrument has deteriorated significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

‘12-month expected credit losses’ are recognized for Stage 1 while ‘lifetime expected credit losses’ are recognized for Stage 2 and 3. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

The Group considers a financial asset in default when 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

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

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

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

e) Investment properties
Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transactions costs less accumulated depreciation and impairment losses. Land on which the investment property is constructed is not depreciated. Depreciation is computed on a straight-line basis over the useful life of the buildings which is determined to be 20- 35 years.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

f) Land and properties held for development
Land and properties held for development are developed for future sale in the ordinary course of business by transfer to inventory properties, rather than to be held for rental or capital appreciation and are stated at the lower of cost or net realizable value. Sold properties in the course of development are stated at cost plus attributable profit/ loss less progress billings. The cost of properties under development includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale. Net realizable value represents the estimated selling price less costs to be incurred in selling the property. The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed.

g) Property and equipment
The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to statement of profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Property and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in statement of profit or loss for the period. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Depreciation is computed on a straight-line basis over the estimated useful lives of other property and equipment as follows:

	Years
Furniture and fixtures	3 – 5
Tools and equipment	3 – 5
Vehicles	3 – 5
Decorations	3 – 5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

h) Impairment of non- financial assets

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

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

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

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

i) End of service indemnity

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

j) Dividend distribution to shareholders

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

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

k) Share capital

Ordinary shares are classified as shareholder's equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

l) Revenue from contracts with customers

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

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

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

The Group exercises judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

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

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

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

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

Revenue for the Group arises from the following activities:

Rental income
Rental income is recognized, when earned, on a time apportionment basis.

Sale of properties under development:
Revenue is recognized when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and is measured at the transaction price agreed under the contract.

Interest income
Interest income is recognized on an accrual basis using effective interest method.

Other income
Other income is recognized on an accrual basis.

m) Provisions:
A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Contingent liabilities recognized in a business combination
Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount recognized initially less cumulative amount of income recognized in accordance with the principles of IFRS 15.

Onerous contracts
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

Provisions are not recognized for future operating losses.

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

All other borrowing costs are expensed in consolidated statement of profit or loss in the period in which they are incurred.

o) Leases:

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

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

Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract.

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

p) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, National Labor Support Tax, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates and transfer to statutory reserve and any accumulated losses. No KFAS has been provided for the year ended December 31, 2021 and December 31, 2020, since there was no eligible profit on which KFAS could be calculated.

q) Zakat
Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations. No Zakat has been provided for the year ended December 31, 2021 and December 31, 2020, since there was no eligible profit on which Zakat could be calculated.

r) National Labor Support Tax (NLST):

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from associates listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations. No NLST has been provided for the year ended December 31, 2021 and December 31, 2020, since there was no eligible profit on which NLST could be calculated.

s) Foreign currencies:

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

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

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

t) Contingencies

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

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

u) Segment reporting:

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

v) Critical accounting estimates and judgments

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

a) Judgments

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

- Revenue Recognition:
  Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in Note (2 - l) are met requires significant judgment.

- Allowance for future expected credit losses:
  The determination of expected credit losses and the factors determining the impairment of the receivable involve significant judgment.

- Classification of financial assets:
  On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortized cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in Note (2 - d).

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

- Material non-controlling interests:
  The Parent Company's management considers any non-controlling interests which accounts for 5% or more of the related subsidiary's equity as material. Disclosures pertaining to those non-controlling interests are set out in (Note 18).

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

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

  - Work in progress
    When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress within investment properties or property, plant and equipment respectively.

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

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

- Leases:
  Critical judgements required in the application of IFRS 16 include, among others, the following:
  - Identifying whether a contract (or part of a contract) includes a lease;
  - Determining whether it is reasonably certain that an extension or termination option will be exercised;
  - Classification of lease agreements (when the entity is a lessor);
  - Determination of whether variable payments are in-substance fixed;
  - Establishing whether there are multiple leases in an arrangement,
  - Determining the stand-alone selling prices of lease and non-lease components.

b) Estimates and assumptions

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

- Allowance for expected credit losses:
  The extent of provision for expected credit losses involves estimation process. Provision for expected credit losses is based on a forward looking ECL approach as explained in Note (2- d). Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable are subject to management approval.

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

- Useful lives of depreciable assets
  The Group reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of assets. Uncertainties in these estimates mainly relate to obsolescence and changes in operations.

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

- Leases
  Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:
  - Estimation of the lease term;
  - Determination of the appropriate rate to discount the lease payments;
  - Assessment of whether a right-of-use asset is impaired.

3. Cash and cash equivalents

	2021	2020
Cash on hand	**1,914**	5,128
Cash at banks	**1,321,455**	1,693,744
Short term deposits	**-**	1,011,509
Cash in portfolio	**44,708**	257
	1,368,077	2,710,638

Short term deposits carried an average interest rate of 1.1% per annum as of 31 December 2020, and contractually matured within 90 days.

Cash at banks include an amount of KD 114,826 (2020: KD 114,826) which is restricted against issued letters of guarantee to the Group (Note 29).

4. Financial assets at fair value through profit or loss

	2021	2020
Held for trading		
Equity securities in investment portfolio	**2,314,615**	-
	2,314,615	-

The fair value measurement of financial assets designated at FVTPL has been categorized under Level 1 of the fair value hierarchy based on the inputs and valuation mechanisms used that are consistent with the principles of IFRS 13. No transfers have been made between levels 1, 2 and 3 of the fair value hierarchy during the year (Note 23).

The movement during the year is as follows:

	2021	2020
Balance at the beginning of the year	**-**	-
Additions	**2,191,994**	-
Net change in investment portfolio	**113,439**	-
Foreign currency translation adjustments	**9,182**	-
Balance at the end of the year	**2,314,615**	-

5. Accounts receivable and other debit balances

	2021	2020
Rent receivables (a)	**686,074**	601,566
Trade receivables (a)	**596,135**	514,928
Total receivables	**1,282,209**	1,116,494
Provision for expected credit losses (b)	**(739,670)**	(739,670)
	542,539	376,824
Advance payments to contractors	**48,988**	75,077
Advance payment to acquire an investment (c) – (Note 6)	**380,000**	
Prepaid expenses	**30,959**	30,110
Staff receivable	**37,031**	30,841
Refundable deposits	**58,909**	12,890
Other debit balances	**58,854**	183,671
	1,157,280	709,413

a- Rent and trade receivables:

Rent receivables and trade receivables are non-interest bearing and are generally due within 30 days.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all rent receivables and trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, rent receivables and trade receivables have been assessed on a collective basis respectively and grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on ageing profile of customers over the past 1 to 2 years as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current year.

Rent receivables and trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.
Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with annual lease terms, with one-year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to properties which are located in a location with a constant increase in value over the last previous years. The Group did not identify any indications that this situation will change.

The following table details the risk profile of rent receivables and trade receivables.

	Past due		
2021	**31 – 365 days**	**More than 365 days**	**Total**
Expected credit loss rate	**54%**	**58%**	
Gross carrying amount	**113,570**	**1,168,639**	**1,282,209**
Allowances for expected credit loss	**60,961**	**678,709**	**739,670**

	Past due		
2020	31 – 365 days	More than 365 days	Total
Expected credit loss rate	33%	73%	
Gross carrying amount	182,754	933,740	1,116,494
Allowances for expected credit loss	60,961	678,709	739,670

b- The movement in provision for credit losses is as follows:

	2021	2020
Balance at the beginning of the year	**739,670**	632,386
Charge for the year	**-**	105,455
Foreign currency translation adjustments	**-**	1,829
Balance at the end of the year	**739,670**	739,670

c- During the year ended December 31, 2021, the Group entered into a transaction with a related party (major shareholder) to acquire an investment. An advance payment of KD 380,000 was paid during the period in relation to this matter.

d- The other classes within accounts receivable and other debit balances do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security for accounts receivable and other debit balances.

6. Related party disclosures

The Group has entered into various transactions with related parties, i.e., Major shareholders, executives for the Group, and other related parties. Prices and terms of payment are to be approved by the Group's management. Significant related party transactions and balances are as follows:

Balances included in the consolidated statement of financial position:

	Shareholders	Associate	Other related parties	2021	2020
Due from related parties	**896,827**	**438,357**	**3,394,975**	**4,730,159**	4,593,076
Less: provision for expected credit losses (a)	**(263,478)**	**(223,067)**	**(1,380,186)**	**(1,866,731)**	(1,866,731)
	633,349	**215,290**	**2,014,789**	**2,863,428**	2,726,345
Advance payment to acquire an investment (Note 5)	**380,000**	**-**	**-**	**380,000**	-
Financial assets at fair value through other comprehensive income	**520,366**	**-**	**-**	**520,366**	253,774
Investment properties (Note 9)	**-**	**-**	**12,500,000**	**12,500,000**	-
Due to related parties	**786,077**	**-**	**8,513,736**	**9,299,813**	2,706,342
Retention payable	**-**	**-**	**-**	**-**	2,832,177
Due to contractors	**-**	**-**	**-**	**-**	8,270
Finance lease payable (Note 13)	**-**	**-**	**52,000,000**	**52,000,000**	46,250,000
Dividends payable	**175,182**			**175,182**	175,182

The due from/ to related parties are non-interest bearing and receivable/ payable on demand. Except, the finance lease payable which carries an annual interest rate of 2.25% over central bank of Kuwait Discount rate, the principal amount of the finance lease payable is to be fully paid during the tenure of the lease which expires on November 28, 2023 (Note 13).

a- The movement in provision for expected future credit losses is as follows:

	2021	2020
Balance at the beginning of the year	**1,866,731**	1,075,942
Charge for the year	**-**	790,789
Balance at the end of the year	**1,866,731**	1,866,731

Transactions included in the consolidated statement of profit or loss:

	Other related parties	2021	2020
General and administrative expenses	**41,250**	**41,250**	71,420
Finance costs	**1,794,923**	**1,794,923**	2,221,212

Compensation to key management personnel:

	2021	2020
Short-term benefits	**81,250**	60,000
Leave	**2,019**	-
End of service benefits	**6,016**	5,000
	89,285	65,000

7. Financial assets at fair value through other comprehensive income:

	2021	2020
Quoted:		
Equity securities	**520,366**	253,774
Unquoted:		
Equity securities	**967,178**	756,156
Funds	**3**	3
	1,487,547	1,009,933

The movement during the year is as follows:

	2021	2020
Balance at the beginning of the year	**1,009,933**	961,422
Change in fair value	**477,614**	48,511
Balance at the end of the year	**1,487,547**	1,009,933

These investments in equity securities are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

Financial assets at fair value through other comprehensive income were fair valued based on the valuation techniques and principles mentioned in Note (23).

8. Investment in associates

The investment in associates consists of the following:

Name of associate	Country of incorporation	Principal activities	Percentage of ownership **2021**	Percentage of ownership 2020	Amount **2021**	Amount 2020
Venus International Company E.S.C.	Egypt	Trading grains	**22%**	22%	**3,389,949**	3,920,879
CAFI Commodity and Freight Integrators D.M.C.C.	Dubai	Trading grains	**22%**	22%	**164,870**	839,719
Trans Globe E.S.C.	Egypt	Logistics Services	**20%**	20%	**1**	1
Modern Bulk System Company E.S.C.	Egypt	Construction	**20%**	20%	**1**	1
Carrying value					**3,554,821**	4,760,600

The movement during the year is as follows:

	2021	2020
Balance at the beginning of the year	**4,760,600**	4,231,528
Group's share of results from associates	**(973,762)**	612,800
Cash dividend from associates	**(217,512)**	(151,995)
Foreign exchange differences	**(14,505)**	68,267
Balance at the end of the year	**3,554,821**	4,760,600

The unsettled cash dividend, amounting to KD 217,512 (2020: KD 76,284) was not included in the consolidated statement of cash flows as it is a non-cash transaction for the year ended December 31, 2021.

The Group's share of associates' results has been calculated based on financial statements prepared by these associates' management.

Summarized financial information for associates is as follows:

Summarized statement of financial position:

	Venus International Company E.S.C.		CAFI Commodity and Freight Integrators D.M.C.C.		Total	
	2021	2020	**2021**	2020	**2021**	2020
Assets:						
Cash and cash equivalents	**368,474**	1,565,707	**1,057,799**	3,036,949	**1,426,273**	4,602,656
Other current assets	**11,687,671**	8,650,300	**20,380,563**	17,851,996	**32,068,234**	26,502,296
Total current assets	**12,056,145**	10,216,007	**21,438,362**	20,888,945	**33,494,507**	31,104,952
Non-current assets	**4,073,516**	4,249,266	**88,778**	90,685	**4,162,294**	4,339,951
Total assets	**16,129,661**	14,465,273	**21,527,140**	20,979,630	**37,656,801**	35,444,903
Liabilities:						
Current liabilities	**6,165,413**	2,087,708	**20,777,730**	17,143,624	**26,943,143**	19,231,332
Non-current liabilities	**-**	-	**-**	19,103	**-**	19,103
Total liabilities	**6,165,413**	2,087,708	**20,777,730**	17,162,727	**26,943,143**	19,250,435
Net assets	**9,964,248**	12,377,565	**749,410**	3,816,903	**10,713,658**	16,194,468
Ownership %	**22%**	22%	**22%**	22%		
Share in associate's net assets	**2,192,132**	2,723,062	**164,870**	839,719	**2,357,002**	3,562,781
Goodwill related to investment in associate	**1,197,817**	1,197,817	**-**	-	**1,197,817**	1,197,817
Carrying value of investment in associate	**3,389,949**	3,920,879	**164,870**	839,719	**3,554,819**	4,760,598

Summarized Statement of profit or loss and other comprehensive income:

	Venus International Company E.S.C.		CAFI Commodity and Freight Integrators D.M.C.C.		Total	
	2021	2020	**2021**	2020	**2021**	2020
Revenues	**6,192,210**	4,451,071	**20,277,417**	83,155,219	**26,469,627**	87,606,290
Expenses	**(7,567,573)**	(3,363,280)	**(23,328,243)**	(81,457,556)	**(30,895,816)**	(84,820,836)
Net (loss) profit for the year	**(1,375,363)**	1,087,791	**(3,050,826)**	1,697,663	**(4,426,189)**	2,785,454
Ownership %	**22%**	22%	**22%**	22%		
Share of associate's results	**(302,580)**	239,314	**(671,182)**	373,486	**(973,762)**	612,800
Cash dividend received from associates	**217,512**	151,995	**-**	-	**217,512**	151,995

9. Investment properties

	Land	Buildings	Total
Cost:			
At January 1, 2020	31,205,304	44,944,885	76,150,189
Additions (a)	-	167,201	167,201
Impairment loss	-	(54,753)	(54,753)
Foreign currency translation adjustment	8,000	-	8,000
At December 31, 2020	31,213,304	45,057,333	76,270,637
Additions	12,500,000	115,194	12,615,194
Impairment loss	-	(1,839,615)	(1,839,615)
Foreign currency translation adjustment	(30,000)	-	(30,000)
At December 31, 2021	**43,683,304**	**43,332,912**	**87,016,216**
Accumulated depreciation:			
At January 1, 2020	-	14,184,935	14,184,935
Depreciation charged for the year (Note 19)	-	1,416,125	1,416,125
At December 31, 2020	-	15,601,060	15,601,060
Depreciation charged for the year (Note 19)	-	1,409,518	1,409,518
At December 31, 2021	**-**	**17,010,578**	**17,010,578**
Net book value:			
At December 31, 2021	**43,683,304**	**26,322,334**	**70,005,638**
At December 31, 2020	31,213,304	29,456,273	60,669,577

(a) During the year ended December 31, 2021, The Group purchased investment property from Al Corniche Marine Club K.S.C.C. (related party) for a total consideration of KD 12,500,000, which was determined based on a valuation report from an independent valuer using market comparable approach. The investment property is represented in a land in the Abu Halifa area of the State of Kuwait which includes three buildings that are built on it for the purpose of developing it. This transaction was approved by the Parent Company's Board of Directors on August 16, 2021, and the Parent Company's shareholders at the Annual General Assembly meeting held on September 9, 2021 (Note 6).

An attachment exists on the investment property by the finance lease creditor, as the title deed will be released to the Group once the final payment is settled.

Based on the terms of the agreement, the total purchase consideration of KD 12,500,000 is to be settled as follows:

1) Transfer the finance lease liability of KD 5,750,000 from Al Corniche Marine Club K.S.C.C. with a right to purchase the property at the end of the lease term for a total consideration of KD 5,750,000. Had the Group elected to purchase the properties, the principal amount of the finance lease is to be fully paid during the tenure of the lease which expires on November 28, 2023. The finance lease carries an average interest rate of %2.25 per annum over Central Bank of Kuwait discount rate and is payable on a semiannual installment (Note 13).

2) A promissory note payable authorised by the Ministry of Justice dated September 20, 2021, of KD 6,750,000 to be settled within one year from the date of signing the contract on August 30, 2021.

This transaction is not reflected in the consolidated statement of cash flows as it is a non-cash transaction.

(b) Depreciation for the period is included in the rental cost in the consolidated statement of profit or loss.

The fair value of investment properties as of December 31, 2021 is KD 105,788,500 (2020: KD 90,046,000). The fair value of investment properties was determined based on valuations performed by two accredited independent valuation experts using recognized valuation techniques and principles.

In estimating the fair value of investment properties, the valuers had used the valuation techniques listed in the following schedule and had considered the nature and usage of the investment properties.

			2021		
Class of investment property	**Valuation technique**	**Unobservable inputs**	**Level 2**	**Level 3**	**Total**
Land	**Comparable market prices**	**Price per square meter**	**23,588,500**	**-**	**23,588,500**
Residential complexes	**Income capitalization**	**Market rental growth rate and occupancy rate**	**-**	**37,642,000**	**37,642,000**
Residential building	**Comparable market prices**	**Price per square meter**	**29,847,000**	**-**	**29,847,000**
Commercial complexes	**Income capitalization**	**Market rental growth rate and occupancy rate**	**-**	**14,711,000**	**14,711,000**
Total			**53,435,500**	**52,353,000**	**105,788,500**

			2020		
Class of investment property	Valuation technique	Unobservable inputs	Level 2	Level 3	Total
Land	Comparable market prices	Price per square meter	12,150,000	-	12,150,000
Residential complexes	Income capitalization	Market rental growth rate and occupancy rate	-	35,824,000	35,824,000
Residential building	Comparable market prices	Price per square meter	27,860,000	-	27,860,000
Commercial complexes	Income capitalization	Market rental growth rate and occupancy rate	-	14,212,000	14,212,000
Total			40,010,000	50,036,000	90,046,000

There were no transfers between these levels during the year.

10. Land and properties held for development

	2021	2020
Balance at the beginning of the year	**17,378,774**	17,424,051
Impairment loss	**(341,701)**	(1,571,789)
Foreign exchange differences	**(1,362,598)**	1,526,512
Balance at the end of the year	**15,674,475**	17,378,774

Land and properties held for development include certain properties with carrying value of KD 15,091,875 as of December 31, 2021 (2020: KD 16,795,035) which are pledged as collateral against term loan. These properties are owned by one of the Group subsidiaries (Gemxija Crown Limited) which is 57.5% owned by the Parent Company (Note 11).

The Group's management, through subsidiaries companies ("subsidiaries") appointed independent valuators to conduct an impairment test for land and properties held for development. Valuations were performed based on the method of comparable market prices, and accordingly, the Group has recognized impairment losses of KD 341,701 (2020: KD 1,571,789) in the consolidated statement of profit or loss.

11. Term loan

Term loan represents facilitates in foreign currency granted to one of the Group's subsidiaries (Gemxija Crown Limited) which is 57.5% owned by the Parent Company- with total gross amount of KD 14,047,317 (2020: KD 15,285,205). The facility is secured by certain land and properties under development with a carrying value of KD 15,091,875 (2020: KD 16,795,035) which was pledged as collateral against the term loan (Note 10).

The loan carries an interest at 3-6 months EURIBOR +2% per annum (2020: 3-6 months EURIBOR +2% per annum). The loan and its related interests and penalties are guaranteed by the subsidiary's shareholders. During the year ended 31 December 2015, the Group cannot reschedule the loan which is deemed to be in default since 1 July 2015 and the management of the Parent Company is in discussion with a third party with respect of an offer to sell the pledged properties which is subject to the approval of the beneficiary of the collateral who has the right to release it.

The movement on term loan during the year represents foreign currency translation adjustments.

12. Accounts payable and other credit balances

	2021	2020
Trade payables	**25,590**	34,077
Due to contractors	**19,639**	61,366
Accrued expenses	**2,628,033**	2,790,577
Retention payable	**2,834,953**	2,832,177
Staff leave payable	**43,753**	43,112
Rent received in advance	**187,559**	194,827
Refundable deposits	**587,026**	549,922
Provision for legal cases (Note 28)	**1,932,906**	1,736,263
NLST payable	**3,006**	3,006
Zakat payable	**1,350**	1,350
Other credit balances	**643**	70,314
	8,264,458	8,316,991

13. Finance lease payable

During the year ended December 31, 2021, The Group purchased an investment property from a related party, and as a result from this transaction, the Group assumed a finance lease payable of KD 5,750,000 which is associated with the investment property (Note 9). The finance lease payable carries an average interest rate of %2.25 per annum over Central Bank of Kuwait discount rate on a semiannual installment and is due for settlement up until November 28, 2023- (Note 9).

During the year ended December 31, 2018, the Group has sold certain investment properties with net carrying value of KD 50,515,858 to Securities Group K.S.C (Closed) on settlement of a term loan due to a local bank with total amount of KD 49,250,000. One of the Group's subsidiaries has entered into a finance lease agreement with Securities Group K.S.C (Closed) to invest in these properties with a right to purchase the properties at the end of the lease term for a total consideration of KD 49,250,000. The finance lease carries an average annual interest rate of 2.25% over Central Bank of Kuwait discount rate and is payable in semiannual installments. Had the subsidiary elected to purchase the properties, the principal amount of the finance lease obligation is to be fully paid during the tenure of the lease which expires on November 28, 2023 (Note 6). The Group has settled KD 3,000,000 during the previous years from the total indebtedness.

14. Provision for end of service indemnity

	2021	2020
Balance at beginning of the year	**296,051**	272,668
Charge for the year	**21,080**	26,350
Paid during the year	**(52,885)**	(2,967)
Balance at end of the year	**264,246**	296,051

15. Share capital

Authorized capital consists of 400,000,000 shares of 100 fils each and all shares are in cash. The Company's capital is presented as follows:

The paid capital is determined by an amount of KD 23,565,439 distributed among 235,654,390 shares of 100 fils each. All shares are in cash.

	2021	2020
Authorized capital	**40,000,000**	23,565,439
Unpaid capital	**16,434,561**	-
Paid up capital	**23,565,439**	23,565,439

On November 15, 2020, an extraordinary general assembly was held for the shareholders of the Parent Company, during which the authorized capital increase was approved to be an amount of KD 40,000,000 consisting of 400,000,000 shares with par value of 100 fils each. Notarization of this increase with the official authorities has been done on December 2, 2021.

16. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, a minimum 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat and Board of Directors' remuneration is required to be transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. Since there is a net loss for the year, there were no transfer to statutory reserve for the year ended December 31, 2021.

17. Voluntary reserve

As required by the Parent Company's Articles of Association, a maximum 10% of the profit for the year attributable to the Parent Company's shareholders before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), NLST, Zakat 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' Annual General Assembly of the Parent Company upon recommendation by the Board of Directors. Since there is a net loss for the year, there were no transfer to voluntary reserve for the year ended December 31, 2021.

18. Non-controlling interests which are material to the Group

			Ownership percentage held by the Parent Company directly and indirectly		Ownership percentage held by the NCI	
Name of subsidiary	Country of incorporation	Principal Activities	2021	2020	2021	2020
Showaty Alarab Elaqaria for Development Limited	Sudan	Real Estate	**73.48%**	73.48%	**26.52%**	26.52%
Saifi Crown S.A.L.	Lebanon	Real Estate	**75%**	75%	**25%**	25%
Sidra Limited Company	UAE	Real Estate	**64.05%**	64.05%	**35.95%**	35.95%
Gemxija Crown Limited	Malta	Real Estate	**57.5%**	57.5%	**42.5%**	42.5%

Summarized financial information for the subsidiary that has non-controlling interests that are material to the Group:

a) Summarized consolidated statement of financial position:

	Showaty Alarab Elaqaria for Development Limited		Saifi Crown S.A.L.		Sidra Limited Company		Gemxija Crown Limited	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Current assets	**3,984**	3,994	**542,171**	567,354	**383,914**	384,664	**26,560**	42,936
Non-current assets	**12,120,000**	12,150,000	**280**	353	**582,599**	583,739	**15,091,875**	16,795,035
Total assets	**12,123,984**	12,153,994	**542,451**	567,707	**966,513**	968,403	**15,118,435**	16,837,971
Current liabilities	**866,913**	866,571	**4,201,163**	4,227,304	**6,397,075**	5,988,151	**21,936,973**	23,917,875
Total liabilities	**866,913**	866,571	**4,201,163**	4,227,304	**6,397,075**	5,988,151	**21,936,973**	23,917,875
Net assets (liabilities)	**11,257,071**	11,287,423	**(3,658,712)**	(3,659,597)	**(5,430,562)**	(5,019,748)	**(6,818,538)**	(7,079,904)
Ownership interest held by the NCI	**26.52%**	26.52%	**25%**	25%	**35.95%**	35.95%	**42.5%**	42.5%
Non-controlling interests	**2,985,375**	2,993,425	**(914,678)**	(914,899)	**(1,952,070)**	(1,804,399)	**(2,896,106)**	(3,007,118)

b) Summarized consolidated statement of profit or loss and other comprehensive income:

	Showaty Alarab Elaqaria for Development Limited		Saifi Crown S.A.L.		Sidra Limited Company		Gemxija Crown Limited	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Revenues	-	-	-	-	-	3,252	43,723	-
Expenses	(2,487)	(3,097)	(17,264)	(60,001)	(420,882)	(3,041,381)	(354,552)	(1,671,634)
Total comprehensive loss for the year	(2,487)	(3,097)	(17,264)	(60,001)	(420,882)	(3,038,129)	(310,829)	(1,671,634)
Ownership interest held by the NCI	26.52%	26.52%	25%	25%	35.95%	35.95%	42.5%	42.5%
Loss attributable to NCI	(660)	(821)	(4,312)	(14,996)	(151,290)	(1,092,086)	(132,022)	(710,010)

19. Operating expenses

	2021	2020
Salaries and wages	**171,803**	136,814
Depreciation (Note 9)	**1,409,518**	1,416,125
Other	**575,878**	512,293
	2,157,199	2,065,232

20. General and administrative expenses

	2021	2020
Salaries and wages	**294,524**	298,818
Other	**286,763**	487,231
	581,287	786,049

21. Basic and diluted losses per share

There are no dilutive ordinary shares expected to be issued. The information necessary to calculate basic loss per share based on weighted average number of shares outstanding during the year is as follows:

	2021	2020
Loss for the year attributable to the Parent Company's shareholders	**(2,714,472)**	(1,662,728)
Number of shares outstanding:		
Weighted average number of shares outstanding at the end of the year	**235,654,390**	235,654,390
Basic and diluted loss per share (fils)	**(11.52)**	(7.06)

22. Segment information

Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

The Group operates in real estate activities, which consisting of trading, developing, leasing and managing real estate and rental of investment properties.

The following table presents assets, liabilities, revenues, and expenses:

	2021			2020		
	Real estate operations	**Others**	**Total**	Real estate operations	Others	Total
Continuing operations:						
Operating revenues	**4,713,486**	**-**	**4,713,486**	5,561,437	-	5,561,437
Operating costs	**(2,157,199)**	**-**	**(2,157,199)**	(2,065,232)	-	(2,065,232)
Gross profit	**2,556,287**	**-**	**2,556,287**	3,496,205	-	3,496,205
General and administrative expenses	**(581,287)**	**-**	**(581,287)**	(786,049)	-	(786,049)
Provision for future expected credit losses	**-**	**-**	**-**	(896,244)	-	(896,244)
Financial assets income	**-**	**159,352**	**159,352**	-	-	-
Share of results from associates	**-**	**(973,762)**	**(973,762)**	-	612,800	612,800
Impairment loss of investment properties	**(1,839,615)**	**-**	**(1,839,615)**	(54,753)	-	(54,753)
Impairment loss of land and properties held for development	**(341,701)**	**-**	**(341,701)**	(1,571,789)	-	(1,571,789)
Other income	**3,022**	**-**	**3,022**	3,665	-	3,665
Interest income	**9,827**	**-**	**9,827**	15,407	-	15,407
Finance costs	**(1,794,923)**	**-**	**(1,794,923)**	(2,221,212)	-	(2,221,212)
Segment results	**(1,988,390)**	**(814,410)**	**(2,802,800)**	(2,014,770)	612,800	(1,401,970)
Unallocated provisions	**(199,968)**	**-**	**(199,968)**	-	-	(2,078,726)
Net (loss) profit for the year	**(2,188,358)**	**(814,410)**	**(3,002,768)**	(2,014,770)	612,800	(3,480,696)

	2021					
	Real estate operations	**Others**	**Total**	Real estate operations	Others	Total
Total assets	**94,890,160**	**3,554,821**	**98,444,981**	85,218,298	4,760,600	89,978,898
Total liabilities	**84,051,016**	**-**	**84,051,016**	73,029,771	-	73,029,771

23. Fair value measurement

The Group measures financial assets at fair value such as financial assets at fair value through profit or loss and financial assets through other comprehensive income at fair value at each reporting date.

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

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

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

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

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

	2021		
	Level 1	**Level 3**	**Total**
Financial assets at fair value through P&L	**2,314,615**	**-**	**2,314,615**
Financial assets at fair value through OCI	**520,366**	**967,181**	**1,487,547**
	2,834,981	**967,181**	**3,802,162**

	2020		
	Level 1	Level 3	Total
Financial assets at fair value through OCI	253,774	756,159	1,009,933

The fair value of investment properties has been disclosed in Note (9).

Movements in level 3 for financial assets and non-financial assets represent changes in the fair value only for the year ended December 31, 2021 and December 31, 2020.

The fair values of financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these assets and liabilities.

24. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, accounts receivable, due from/ to related parties, financial assets at FVOCI, term loan, accounts payables and finance lease payable and as a result, is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

Interest rate risk

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, and finance cost with all other variables held constant, of the Group's profit:

	2021		
	Increase (Decrease) in interest rate	**Balance as at December 31**	**Effect on consolidated statement of profit or loss**
Term loan	**± 0.5%**	**14,047,317**	**± 70,237**
Finance lease payable	**± 0.5%**	**52,000,000**	**± 260,000**

	2020		
	Increase (Decrease) in interest rate	Balance as at December 31	Effect on consolidated statement of profit or loss
Short term bank deposit	± 0.5%	1,011,509	± 5,058
Term loan	± 0.5%	15,285,205	± 76,426
Finance lease payable	± 0.5%	46,250,000	± 231,250

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalent, receivables and due from related parties. Receivables is presented net of allowance for expected credit losses.

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

Trade receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The Group's maximum exposure arising from default of the counterparty is limited to the carrying amount of cash and cash equivalents, receivables and due from related parties.

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

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

	2021	
	Increase / (Decrease) against Kuwaiti Dinar	Effect on consolidated statement of profit or loss and other comprehensive income
Lebanese Pound	± 5.00%	± 11,888
US Dollar	± 5.00%	± 741,227
Euro	± 5.00%	± 307,572
Arab Emirates Dirham	± 5.00%	± 19,441
Total		± 1,080,128

	2020	
	Increase / (Decrease) against Kuwaiti Dinar	Effect on consolidated statement of profit or loss and other comprehensive income
Lebanese Pound	± 5.00%	± 13,428
US Dollar	± 5.00%	± 638,017
Euro	± 5.00%	± 336,395
Arab Emirates Dirham	± 5.00%	± 17,256
Total		± 1,005,096

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Company periodically assesses the financial viability of customers and invests in bank deposits or other financial assets that are readily realizable. along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves and matching the maturity profiles of financial assets and liabilities.

The maturity profile of financial liabilities is as follows:

	2021				
	Less than 3 months	3 - 6 months	6-12 months	More than 12 months	Total
Term loan	14,047,317	-	-	-	14,047,317
Accounts payable and other credit balances	7,613,397	63,392	587,669	-	8,264,458
Due to related parties	-	-	9,299,813	-	9,299,813
Dividends payable	175,182	-	-	-	175,182
Finance lease payable	-	-	-	52,000,000	52,000,000
	21,835,896	63,392	9,887,482	52,000,000	83,786,770

	2020				
	Less than 3 months	3 - 6 months	6-12 months	More than 12 months	Total
Term loan	15,285,205	-	-	-	15,285,205
Accounts payable and other credit balances	7,592,277	104,478	620,236	-	8,316,991
Due to related parties	-	-	2,706,342	-	2,706,342
Dividend payable	175,182	-	-	-	175,182
Finance lease payable	-	-	-	46,250,000	46,250,000
	23,052,664	104,478	3,326,578	46,250,000	72,733,720

Equity price risk
Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as financial assets at fair value through other comprehensive income.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these financial assets, to which the Group had significant exposure at the reporting date of the consolidated financial statements:

	2021		
	Change in equity instrument price	**Effect on consolidated statement of profit or loss**	**Effect on consolidated statement of profit or loss and other comprehensive income**
Financial assets at FVP&L	**± 5%**	**± 115,731**	**-**
Financial assets at FVOCI	**± 5%**	**-**	**± 74,377**

	2020	
	Change in equity instrument price	Effect on consolidated statement of profit or loss and other comprehensive income
Financial assets at FVOCI	± 5%	± 50,497

25. Capital Risk Management
The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern to provide returns and benefits for shareholders and to maintain an optimal capital resource's structure to reduce the cost of capital. To maintain or adjust the capital resource's structure, the Group may adjust the amount of cash dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay facilities or obtain additional facilities.

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

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

	2021	2020
Term loan	**14,047,317**	15,285,205
Finance lease payable	**52,000,000**	46,250,000
Less: cash and cash equivalents	**(1,368,077)**	(2,710,638)
Net debt	**64,679,240**	58,824,567
Total equity	**14,393,965**	16,949,127
Total capital resources	**79,073,205**	75,773,694
Gearing Ratio	**82%**	78%

26. General Assembly

The Annual General Meeting of the shareholders of the Parent Company held on May 10, 2021 approved the Group's consolidated financial statements for the year ended December 31, 2020. The Parent Company did not declare any distribution of dividends for the year ended.

27. Going concern

The consolidated financial information has been prepared based on the going concern basis, which assumes the Group's ability to maintain its assets and settle its liabilities in the normal course of business and does not include any adjustments that could result from the uncertainty of the Group continuity.

The Group incurred a loss of KD 3,002,768 during the year ended December 31, 2021 (2020: KD 3,480,696), and as of that date, the Group had an accumulated losses balance of KD 11,373,533 (2020: KD 8,659,061), and its current liabilities exceeded its current assets by KD 24,083,370 (2020: KD 20,337,324), in addition, the gearing ratio had reached 82% (2020: 74%). In addition, the Group is not able to reschedule its financing facilities which secured against pledging land and properties held for development (Note 11).

The Group's ability to continue as a going concern depends on its ability to make profits, enhance its future cash flows, restructure its credit facilities, and the financial support of its principal shareholders.

In the opinion of the Group's management, despite the existence of significant doubt about the Group's ability to continue as a going concern, which might result in the Group's inability to realize its assets and discharge its liabilities in the normal course of business, the Group's management has been evaluating various other strategies to improve the operating performance, financial position and the adequacy of the Group's financial resources and strongly believes in the Group's ability to continue as a going concern. The Group has received a letter of support from the Ultimate Parent Company (Al Masaleh Investment Company K.S.C.(Closed)) confirming its continued support for the ongoing operations of the Group.

28. Legal cases

A) During the year ended December 31, 2010, the Parent Company has entered into contracts for the construction of certain properties with Kuwait Company for Process Plant Construction and Contracting K.S.C.P. ("major shareholder"). Based on these contracts, the Parent Company had recognised retention payable to the major shareholder of KD 1,614,063 as at December 31, 2020. On December 3, 2017, the major shareholder filed a legal case against the Parent Company objecting about the retention payable balance due from the Parent Company and claiming recovery of variation orders related to these construction contracts. On March 26, 2019, the court of first instance has issued a verdict obligating the Parent Company to pay to the major shareholder an amount of KD 1,849,621, consequently, both the Parent Company and the major shareholder appealed against this ruling under appeals No. (3097, 3103/2020 - S T/1). The hearing session before the experts committee was scheduled on December 15, 2019 and another session was scheduled on June 7, 2020 to look into the appeal awaiting the experts committees' report. The hearing was postponed to April 3, 2022.

Based on the verdict issued by the court of first instance on March 26, 2019, the Parent Company recognised a provision of KD 235,558 as of December 31, 2020 which has been recorded in consolidated statement of profit or loss in the previous years.

B) During the year ended December 31, 2020, one of the subsidiaries ("Sidra Limited Company") ("the subsidiary") which is located in the United Arab Emirates, recognized provisions for legal cases with an amount of AED 22,396,033, equivalent to KD 1,843,168 based on the verdicts issued From Dubai Courts as follows:

1) On October 24, 2018, the first instance ruling of Dubai Court in Case No. 586/2017 obligated the subsidiary to pay an amount of AED 15,716,382 in addition to the due interest representing %9 of the principal amount, which is equivalent to KD 1,740,324. Accordingly, the subsidiary had recognized an additional provision amounting to KD 522,210 to meet the potential liabilities of that lawsuit as of December 31, 2020.

2) Case No. 283/2016, in which, a verdict was issued requiring the subsidiary to pay an amount of AED 11,151,174 in addition to the due interest representing %9 of the principal amount, which is equivalent to KD 1,320,958. Accordingly, the subsidiary recognized a provision of the full amount as of December 31, 2020 to meet the potential liabilities of that lawsuit.

   During the year ended December 31, 2020, Sidra Limited Company had partially settled an amount of KD 342,463 out of the total provision for legal cases.

   During the period ended December 31, 2021, the subsidiary has increased the provision for legal cases by KD 199,968 which represents the accrued interest based on the abovementioned verdicts.

29. Contingent liabilities

The Group is contingently liable in respect of the following:

	2021	2020
Letter of guarantee	**114,199**	114,199

The letters of guarantee were obtained from local banks against a cash cover held by those banks amounting of KD 114,826 (2020: KD 114,826) (Note 3).

30. COVID-19 impact and going concern

The recent spread of the coronavirus ("COVID-19") across various geographies globally since 2019 till now, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. The Group's management has taken several measures to manage the risks related to the pandemic, including identifying the most vulnerable sectors that were affected in the first place and putting in place additional measures to ensure a high level of risk management. Uncertainties arising from the pandemic ("COVID-19") required the Group to take into account the impact of global fluctuations in future macroeconomic factors considered in order to manage credit and liquidity risks and to determine the impact of the consequences of the pandemic ("COVID-19") on Measuring the fair value of financial and non-financial instruments and recording those effects in the consolidated financial statements since the beginning of the epidemic outbreak until the date of the accompanying consolidated financial statements.

The Group also assessed its ability to continue as a going concern in light of the current economic conditions and all available information about future risks and uncertainties. The expectations regarding the future performance of the Group and liquidity were evaluated, and despite the exacerbating impact of the COVID-19, at the present time, expectations indicate that the Group has sufficient resources to continue practicing its operations as well as its position on continuity has not been affected to a large extent, till the date of preparation of these consolidated financial statements, and as a result, these consolidated financial statements have been prepared in accordance with going concern basis.

The group management has concluded that there is no need to make material adjustments to the liabilities and other assets of the group as on the date of the accompanying consolidated financial statements, and the group management will need to carefully consider the measurement requirements and recognize future impairment losses in the group's assets, because the extent and duration of the economic impact for these events are still uncertain, as it depends on future developments that cannot be accurately predicted at this time, such as the rate of transmission of the virus and the effectiveness of the precautionary containment measures taken, as well as the speed and effectiveness of vaccines approved by government agencies worldwide. Due to the continuing uncertainty related to economic impact, a reliable estimate of that impact cannot be made at the present time, but it may affect financial information in future financial periods, and the size and amount of that impact may vary according to the extent and period in which these events and their effects are expected to end.

Credit risk management

The management of the Group has taken several measures to manage its risk associated with the pandemic, including identification of the most vulnerable sectors primarily affected and placing added measures to ensure a high level of scrutiny.

Fair value measurement of financial instruments

The Group has considered the potential impacts of the current market volatility in determination of the reported amounts of the Group's quoted and unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date of the consolidated financial statements. Given the impact of COVID 19, the Group has assessed whether the fair values of the financial assets represent the price that would be achieved for transactions between market participants in the current scenario. The Group has concluded that, no material impact of COVID-19 had resulted.

Fair value measurement of non-financial instruments

As at the reporting date, the Group has identified the impact on the carrying values of its non-financial assets as at 31 December 2021 due to impact of COVID-19 arising from an impact on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at 31 December 2021. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the consolidated financial statements.

Accordingly, the group had recognized an impact of KD 1,839,615 as fair value loss on its investment properties (Note 9) and KD 341,701 as fair value loss on its land and properties held for development (Note 10).

Liquidity risk management

In response to the COVID 19 outbreak, the Group is closely evaluating its liquidity and taking appropriate actions. The Group will continue to assess its liquidity position by closely monitoring its cash flows and forecasts.

Going concern management

The Group also assessed its ability to continue as a going concern in light of the current economic conditions and all available information about future risks and uncertainties. The expectations regarding the future performance of the Group and liquidity were evaluated, and despite the exacerbating impact of the COVID-19, at the present time, expectations indicate that the Group has sufficient resources to continue practicing its operations as well as its position on continuity has not been affected to a large extent, till the date of preparation of these consolidated financial statements, and as a result, these consolidated financial statements have been prepared in accordance with going concern basis.

The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. The scale and duration of these developments remain uncertain at this stage but could negatively impact the Group's financial performance, cash flows and financial position in the future. The Group will continue to monitor the market outlook and update its assumptions, and forecasts as that may have a substantial impact on the financial statements in the future.