Annual Report

2022

RASAMEEL

بسم الله الرحمن الرحيم

Rasameel Investment Co. (K.S.C.C.)
Souq Al Safat - 3rd Floor, Office 5 & 6
Al Qibla, Kuwait City
P.O.Box 4915, Safat 13050, Kuwait
T: +965 2247 8800
+965 2247 6600
E: info@rasameel.com
Website: www.rasameel.com

H.H. Sheikh
Nawaf Al Ahmed Al Jaber Al Sabah
The Amir of the State of Kuwait

H.H. Sheikh
Meshaal Al Ahmed Al Jaber Al Sabah
The Crown Prince


RASAMEEL

TABLE OF CONTENTS

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Mr. Samir Abdulmohsen Al Gharaballi
Chairman

- Holder of an MBA.
- Has 40 years of supervisory experience in a number of investment companies.
- Former member of the Board of Directors of a number of companies in addition to an Islamic investment bank.

Mr. Gerard Snabian
Vice chairman

- Holder of an MBA.
- Has more than 33 years of experience as head of all investment, operations and financial activities, including 20 years as Chief Executive Officer and Acting Chief Executive Officer of several investment companies.

Mr. Haitham S H Alkhaled
Board member

- Holder of a Bachelor of Electrical Engineering.
- Has more than 27 years of experience in mobile communications, including 13 years in executive positions and 13 years in central middle management positions.
- Served as Chairman of the Board of Directors and Member of the Board of Directors for a number of companies for more than 11 years.

Mr. Abdulaziz Mohammad Alanjeri

Board member

- Holder of a Bachelor of Civil Engineering.
- Has more than 18 years of experience
- Served as Chief Executive Officer and General Manager since 2009 and is a Board Member for a number of companies.

Mr. Mohammad Tawfeeq Ahmad Sultan

Board member

- Holder of a Bachelor of Business Administration.
- Has more than 15 years of experience and is the Deputy General Manager of Towell Group and a member of the Board of Directors of many companies.

Ms. Noor Al Abdulrazzaq

Board member

- Master's in Business Administration.
- She has more than 13 years of experience, including 8 years in the field of treasury and investment.

BOARD OF DIRECTORS

Mrs. Zainab Al Failakawi

Board member

- Holder of a Bachelor degree in Accounting.
- She has more than 10 years of experience, and she is currently the Head of the Financial Investment Operations Department at the General Secretaria for Endowments.

Mr. Mohamad Al Fares

Board member

- Holder of a Bachelors in Finance
- Has 10 years experience in the business industry.
- Founder and Board member of Capital International and Knight Capital.
- Board Member at Towell Group.

SHARIAH SUPERVISORY BOARD

Sh./Dr. Abdulaziz Khalifa Al Qassar
Chairman

Sh./Dr. Issam Khalaf Al Anzi
Board member

Sh./Dr. Ali Ibrahim Al Rashed
Board member

EXECUTIVE MANAGEMENT

Dakhil Abdullah Al-Dakhil, CFA
Chief Executive Officer

Dakhil has extensive experience in Alternative Investments. He started his career in early 2004 in Private Equity at the Industrial and Financial Investments Company in Kuwait. Over the years, Dakhil was also exposed to Real Estate, locally, GCC and internationally. He managed to close multiple real estate transactions across different sectors and difference jurisdictions of a value over 500 million US dollars. Mr. Al Dakhil was a founding executive member at Dimah Capital after serving a substantial period of time at Al Aman Investment Company where he managed to close several private equity deals; notably, a $100 million private equity Asian fund, Al Fayez. With a background of Industrial Engineering from the Pennsylvania State University, Dakhil is a Chartered Financial Analyst (CFA) from the CFA institute since 2008.

Ali Al-Fulaij, CWM
EVP – Wealth Management

Mr. Al-Fulaij has over 20 years of experience in local and Arab markets, where he has held senior leadership positions in investment companies, including Global Investment House and Gulf Bank. He also served as a board member of many companies and investment funds in Kuwait and Saudi Arabia. Ali Al-Fulaij is currently head of the Wealth Management Department at Rasameel Investment Company. Al-Fulaij has an extensive experience in the regional markets as well as a strong understanding of the local market. A graduate of Leeds University, UK, he has spent nearly 15 years overseeing wealth management of corporate and institutional clients in Kuwait and Saudi Arabia. He also served as Acting Chief Executive Officer of Global Investment House - Saudi Arabia.

Mohammad Tareq Al-Thaqeb

SVP – Alternative Investments
International Real Estate

Mr. Al Thaqeb has more than 15 years' experience in Kuwait, GCC and international real estate markets with Asset Under Management in excess of $1 billion, starting from developing investments and funds/portfolios structures, acquiring real estate investments to implementing exit strategies of all investments. After receiving his bachelor degree in Finance and Financial Institutions from Kuwait University, Mr. Al Thaqeb started his career at Kuwait Finance House (KFH) in 2006 in the International Real Estate Department and subsequently moved to KFH Real Estate Company to manage the real estate investment. In 2015, Mr. Al Thaqeb joined KFH Capital Investment Company to lead the real estate investment as well as funds and portfolios. Mr. Al Thaqeb has held several board and Committee positions in real estate and investment companies such as Abyaar Qatar for Real Estate Company and Aref Investment Group. Mohammad Al-Thaqeb is currently the head of International Real Estate at Rasameel Investment Company.

Abdulmohsen Al Gharaballi

VP – Asset Management

Abdulmohsen Al Gharaballi joined Rasameel as part of the initial staff to set-up the Asset Management department in 2015. Abdulmohsen is the portfolio manager responsible for Local and GCC strategies within the department. He is also part of the team managing the global equity mandate and is the lead analyst within the global healthcare sector. Previously, Abdulmohsen served as a portfolio manager at Dimah Capital from 2012-2015. Having worked his way up from analyst to portfolio manager, he was responsible for the out-of-index picks that proved to add alpha to the mandate.

BOARD OF DIRECTORS REPORT

BOARD OF DIRECTORS REPORT

Mr. Samir Abdulmohsen Al Gharaballi
Chairman

To our esteemed Shareholders,

On behalf of myself and the members of the Board of Directors at Rasameel Investment Company, it is with great pleasure to welcome you to our Ordinary Annual General Assembly meeting. I am glad to present to you the annual report for this financial year ending on 31 March 2022, which includes the Board of Directors' annual report, the latest developments in the company's activities, an up-to-date progress report, the Fatwa and Shariah Supervisory Board report and the company's independent external auditors report. The annual report also includes an overview of the most prominent global, regional and local economic developments

Global Events 2021

This fiscal year ending March 31, 2022, can be described as a year of two halves. With the covid headwind slowing and economies expected to re-open through 2021, investors were relatively bullish and global equity market indices moved higher for the 2021 calendar year. Indeed 2021 was an excellent year for equities with the S&P500 being up some 21% for the period 1 April'21 to end Dec'21. All was well. At least it appeared so. Coming into 2022 the environment changed dramatically. Inflation was moving rapidly higher. Economic growth was slowing. Markets started free falling. The S&P500 was down 5% at the end of March'22 and entered bear territory at the time of writing in June, witnessing an unprecedented level of volatility.

The rumblings of the bear market though, started a lot earlier than Jan'22. Look back to mid 2021, many parts of the market were already weakening. Growth stocks started underperforming early on, as yields started to slowly price in the expected Fed rate rises. So, the market became very narrow, with the large capitalization technology stocks (FANGS) keeping the 'party' going, at least through to the end of 2021, only to start to price in reality into 2022.

Not only has the quantitative easing from central banks and the US federal bank fueled the stock markets, but it has also fueled the bond markets in the past decade. At its lows, the 2yr US Treasuring was giving a yield of only 15bps. The 10 yr Treasury was at 1.5% in Mid 2021. To describe sovereign bonds, if not the entire credit market, as expensive in 2021 would be an understatement. And, like the stock market, things changed dramatically as we came into 2022. As at the time of writing, the US 2 yr Treasury yield has rallied to 3.3%. A massive move and reflective of very tight financial conditions and the expectations that the fed will need to raise rates very aggressively.

The environment was very different closer to home. Local and regional markets continued to prosper with oil prices rallying strongly on the back of diminishing supply and production while demand is robust and increasing due to reopening economies globally. Moreover, supply has been further decreased by to the US/EU embargo on Russian energy. This has translated into strong performance from GCC equity markets as their governments replenish their reserves and current accounts with this elevated oil price that has seen regional governments return to surplus after years of deficit and austerity.

We anticipate this will result in capital expenditure by governments to be elevated during the coming years as governments continue their efforts to diversify away from a hydrocarbon dependent economy. Over the past fiscal year, we have seen all GCC markets record double-digit returns with the aggregated index returning 36%. The most gaining index was Abu Dhabi's FTSE ADX General Index which gained 68%, while Bahrain's Boursa All Share Index returned the least with a positive gain of 13%. Throughout the same period, brent oil gained around 69.5%. Kuwait's Boursa Premier Market gained 44% throughout the fiscal year, continuing the robust performance seen in the previous year as the economy rebounds and reopens.

All our Strategies are outperforming their benchmarks and international peer groups for the calendar YTD. We remain well positioned for the current environment. Our Multi- asset strategy has a mix of equities (growth), sukuk (Income) and gold (inflation protection) and we believe is ideal for this environment of heightened volatility across asset classes. Our Income Strategy is also ideal, giving a total yield of 5%, which can be distributed to clients on a semi-annual bases and offers excellent diversification across markets and sectors and is relatively defensive. Further out, once we are cleared this period of rampant inflation and we see the Fed step off the brakes, the Disruptive technologies Strategy should do exceptionally well.

Looking Forward

The near-term future looks volatile with plenty of headwinds. Our base case was that the 2H22 would be one of weaker than expected economic growth and that the eventual recession would only be in 2024. I fear now though, that even our cautious outlook, has been overly optimistic. Given the massive collapse in the US Consumer Sentiment data we have seen recently, down to levels we last saw in 2008, combined with the higher-than-expected inflation data and another fall in the ECRI leading indicator, I fear we may be rapidly falling into a slowdown sooner than we had expected. And this is before the Fed has even really started to tighten.

It is noteworthy to say, we have not yet seen the employment data weaken, nor manufacturing. But these data points are often lagging indicators, with layoffs starting only as we go through the recession rather than on entry.

At this juncture, we have two main concerns – will the Fed continue to tighten into the likely approaching slowdown, making things worse; and if the economy is as weak as some of the data is suggesting, what on earth can they do about it?

On the former, time will tell. We think that the fed may raise interest rates aggressively over the next few months just to have some leeway to ease as the economy weakens later in 2H22/2023. Our base case since the start of the year is that inflation and economic data should weaken into the 2H22, thus putting less pressure on them to tighten.

On the latter concern, even if they raise to 2-3%, if the economy is as weak as some of the consumer data suggests, they won't have much fire power to cut if economic data weakens as we expect and would have to undertake a massive bond buying program later in the year and into 2023. So real rates would have to move into significant negative territory. The 2yr US Treasury is already trading at c.3.3%, up from 15bps only a year ago. The level of tightening in financial markets is already significant and the Fed is now truly boxed in. Tighten, and the oncoming recession will be worse. Flip, 2018 style, and provide liquidity and restart QE and things can stabilize. But the inevitable day of reckoning simply gets postponed and inflation will be that much higher for longer.

Our base expectation is that we haven't yet made a market low and that there may be further downside, at least until we see inflation data falling and the Fed able to step off the brake. This would apply to most markets other than China, which may well have made a bottom and has plenty of room to move higher, especially if the government starts to provide necessary stimulus.

Rasameel's outlook

With all the prevailing global events – rising inflation, interest rate hikes, capital markets correction and geo-political events – investors are increasing on the lookout for safe havens by investing in products that are liquid and directed towards companies and governments that are highly rated and have defensive budgets capable of weathering the upcoming crisis, as well as investing in real estate opportunities in developed markets such as the US, UK, Europe and sectors that are supported by high demand.

Investor sentiments towards real estate investments in US and UK has remained top of the agenda. Investors need to be cautious with pricing in some sectors due to the defensive nature. Rasameel feels investors need to shift their strategies to include real estate development; where there are opportunistic deals to consider in development deals in defensive sectors such as the residential sector. Moreover, employers and employees globally have come to the realization that for productivity and efficiency purposes there requires to be a physical presence and interaction at workplace. Albeit there was an impact on the office sector due to Covid, the sector is bouncing back gradually.

We have strong faith in the growth sector, especially those associated with disruptive technology. However, the rise in interest rates during the coming period will change the investors' view of growth assessments. This does not mean that we are away from growth stocks, but we aim for this type of investments with caution and seizing opportunities, as the prices of some of them seem very appropriate and historical.

Finally, we believe that we have found our goal by investing in emerging technological projects in Kuwait specifically and the region in general, where the need to develop this sector has become crucial. We have a large gap waiting to be covered compared to the developed world through financial and moral support and the enactment of appropriate legislations.

The Covid-19 pandemic has led to a change in the investment environment in Kuwait, as many investors and business owners have waived their responsibilities to their children and decided to focus on other activities, making the decision in the hands of the younger generation, and we believe that the young management that has taken over the company's leadership recently is one of the most appropriate and most efficient leaderships that is capable of responding to the needs of the new generation of decision makers and returning the company back to profitability, God willing.

The Company's Performance Report for the Fiscal Year Ended March 31, 2022

The company witnessed a remarkable improvement in performance during the financial year ending on March 31, 2022, as the company's revenues improved drastically; management fees recorded an amount of KD 696,000 compared to the previous year being KD 631,000, while investment income recorded an amount of KD 267,000, compared to KD 487,000 the previous year.

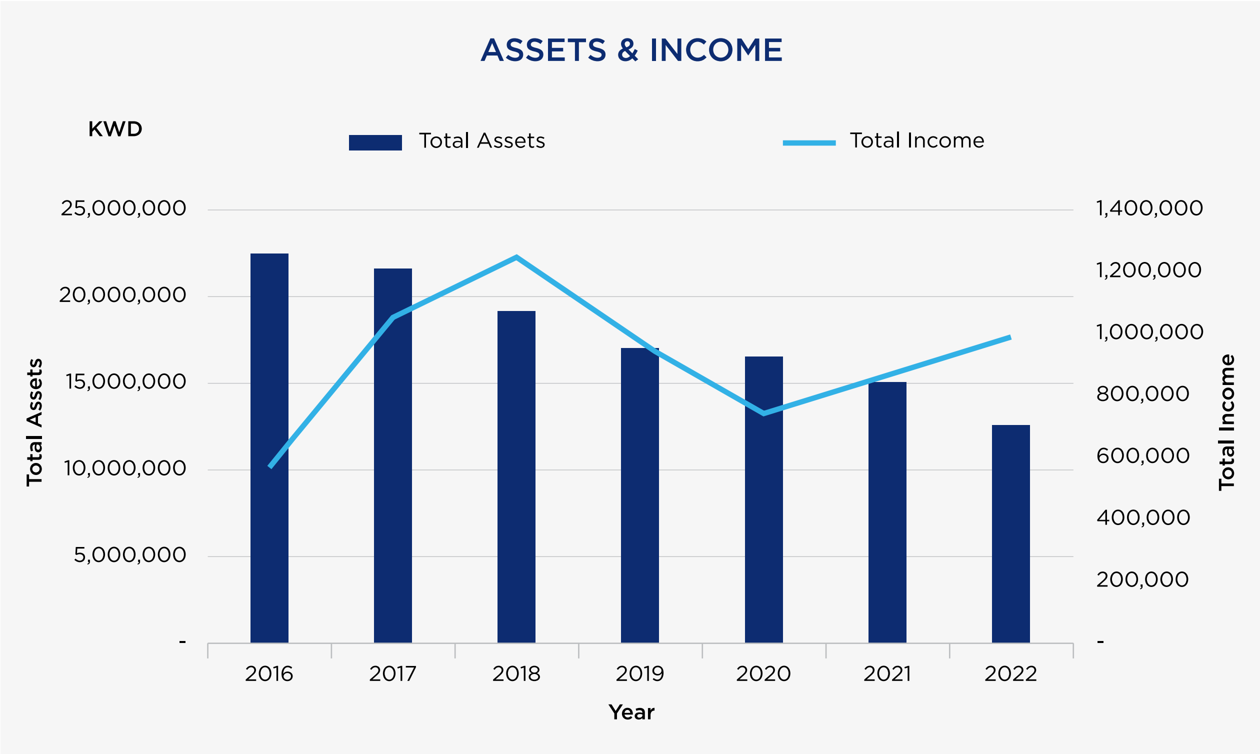
Rental revenues have increased, especially with the return of rental income from the property owned by the company in Hajar Tower, starting from the third quarter, where it achieved an amount of KD 354,000, compared to the previous year being KD 172,000. Also, the valuation of properties owned in Dubai witnessed an improvement, which led to recording a net profit, from the change in fair value of all real estate by an amount of KD 36,000- including losses resulted from the decrease of immigrant property by KD 231,000- compared to net losses for the previous year amounting to KD 399,000.

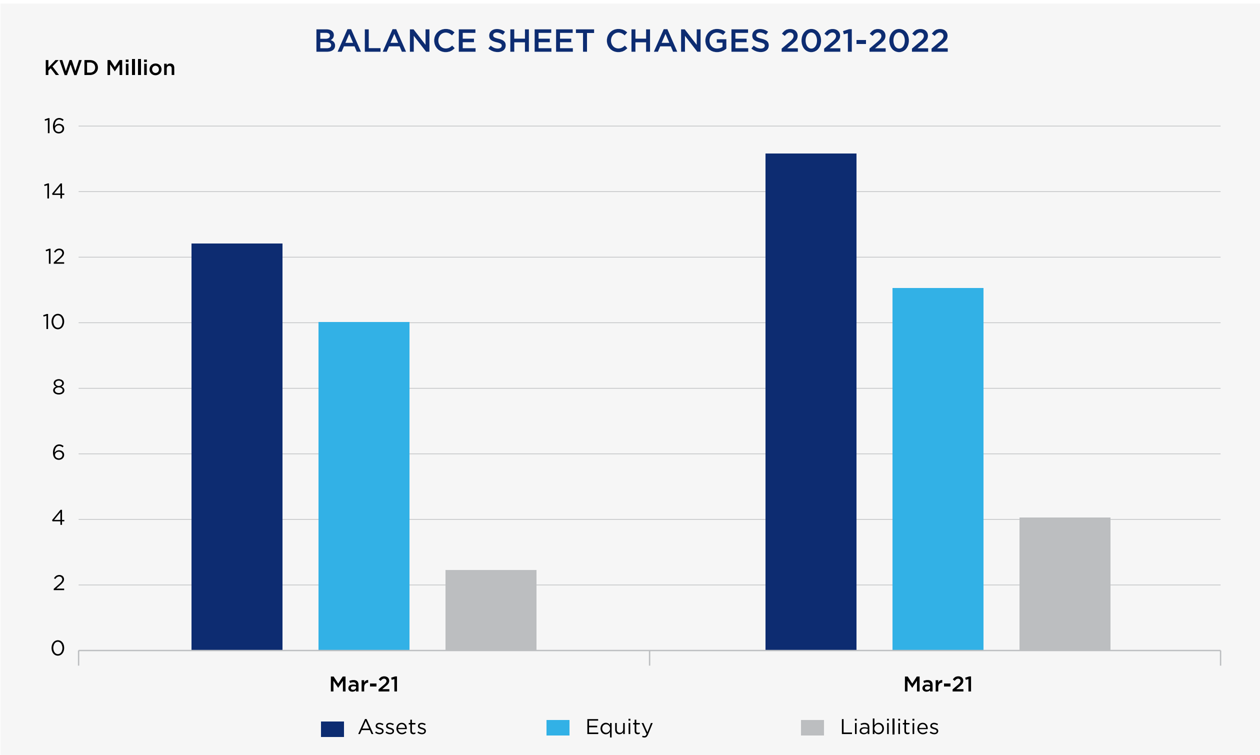
Thus, the company's total revenues recorded an amount of KD 1.5 million, compared to KD 944,000 the previous year.

As a result, the company recorded a net loss of about KD 941,000 for the fiscal year ending March 31, 2022, compared to a loss of KD 1.49 million the previous year.

It should be noted that among these losses are KD 475,000 of provisions related to doubtful debts, in addition to KD 465,000 of operating losses. As for the company's financial position, the assets have decreased to a total amount of KD 12.6 million, compared to the previous year being KD 15.2 million.

As for the liabilities, they decreased to become KD 2.5 million, compared to KD 4.1 million the previous year, this is due to the company's regular payment of its financial obligations. As for the Shareholders' Equity of the parent company, it recorded an amount of KD 10.1 million, compared to about KD 11.1 million the previous year, due to the impact of net loss for the current year ending March 31, 2022, bearing in mind the decrease in the fair value for some of the company's investments


ASSETS & INCOME
KWD
Total Assets
Total Income
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
Total Assets
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Total Income
2016
2017
2018
2019
2020
2021
2022
Year


BALANCE SHEET CHANGES 2021-2022
KWD Million
16
14
12
10
8
6
4
2
0
Mar-21
Mar-21
Assets
Equity
Liabilities

SHARIAH BOARD COMMITTEE REPORT

SHARIAH BOARD COMMITTEE REPORT

06/رمضان/1443
2022/04/07

بسم اللّه الرحمن الرحيم

الحمد للّه رب العالمين والصلاة والسلام على سيدنا محمد وآله وصحبه...

إلى مساهمي شركة رساميل للاستثمار

السلام عليكم ورحمة اللّه وبركاته،،

لقد راقبنا المبادئ المستخدمة والعقود المتعلقة بالمعاملات والتطبيقات التي طرحتها الشركة خلال الفترة المنتهية في 31 مارس 2022م، ومدى التزام المؤسسة بأحكام ومبادئ الشريعة الإسلامية وكذلك بالفتاوى والقرارات والإرشادات المحددة التي تم إصدارها من قبلنا.

تقع مسئولية التأكد من أن المؤسسة تعمل وفقاً لأحكام ومبادئ الشريعة الإسلامية على الإدارة، أما مسئوليتنا فتنحصر في إبداء رأي مستقل بناء على مراقبتنا لعمليات المؤسسة، وفي إعداد تقرير لكم.

لقد قمنا بمراقبتنا التي اشتملت على فحص التوثيق والإجراءات المتبعة من المؤسسة على أساس اختبار كل نوع من أنواع العمليات.

لقد قمنا بتخطيط وتنفيذ مراقبتنا من أجل الحصول على جميع المعلومات والتفسيرات التي اعتبرناها ضرورية لتزويدنا بأدلة تكفي لإعطاء تأكيد معقول بأن الشركة لم تخالف أحكام ومبادئ الشريعة الإسلامية.

وفي رأينا:

– أن العقود والعمليات والمعاملات التي أبرمتها الشركة خلال السنة المنتهية في 31 مارس 2022م، التي اطلعنا عليها تمت وفقاً لأحكام ومبادئ الشريعة الإسلامية.

نسأل اللّه العلي القدير أن يحقق لنا الرشاد والسداد.

والسلام عليكم ورحمة اللّه وبركاته،،

الاسم	الصفة	التوقيع
الشيخ / د. عبد العزيز القصار	رئيس هيئة الرقابة الشرعية	
الشيخ / د. عصام العنزي	عضو هيئة الرقابة الشرعية	
الشيخ / د. علي الراشد	عضو هيئة الرقابة الشرعية	

التاريخ: 2022/04/21م

السادة/ شركة رساميل للاستثمار **المحترمون**

الموضوع: تقرير التدقيق الشرعي الخارجي للفترة المالية 2021/04/01 - 2022/03/31م

السلام عليكم ورحمة الله وبركاته

وفقاً إلى عقد الارتباط الموقع معكم فإن شركة التدقيق الشرعي الخارجي تقوم على أعمال الشركة للتأكد من التزامها بالمعايير المعتمدة أو بالقرارات والفتاوى الصادرة عن هيئة الرقابة الشرعية.

ولجعل عملية التدقيق الشرعي الخارجي أكثر كفاءة وفعالية فإن إجراءات التدقيق على العمليات التنفيذية للمؤسسات المالية الإسلامية تتم وفقاً لمعايير التدقيق الشرعي لشركتنا واستناداً إلى نظام ممارسة مهنة المراجعة التي تتطلب قيامنا بالتخطيط وتنفيذ أعمال التدقيق للحصول على تأكيد معقول لموافقة العمليات التنفيذية للمؤسسات المالية الإسلامية للمعايير المعتمدة أو لقرارات هيئة الرقابة الشرعية.

الممثل القانوني والمدقق الشرعي

ضاري ليث العتيقي

راس المال المدفوع: 250.000 د.ك
سجل التجاري 116861

Tel :00965 22960565
Fax: 00965 22413369
P.O.box: 957 Surra
Code 45710
E-mail: da@tadqiq.com.kw
www.tadqiq.com.kw
State of Kuwait

التاريخ: 2022/04/21م

السادة/ شركة رساميل للاستثمار **المحترمون**

<u>الموضوع: تقرير التدقيق الشرعي الخارجي للفترة المالية 2021/04/01 - 2022/03/31م</u>

السلام عليكم ورحمة الله وبركاته

وفقاً إلى عقد الارتباط الموقع معكم فإن شركة التدقيق الشرعي الخارجي تقوم على أعمال الشركة للتأكد من التزامها بالمعايير المعتمدة أو بالقرارات والفتاوى الصادرة عن هيئة الرقابة الشرعية.

ولجعل عملية التدقيق الشرعي الخارجي أكثر كفاءة وفعالية فإن إجراءات التدقيق على العمليات التنفيذية للمؤسسات المالية الإسلامية تتم وفقاً لمعايير التدقيق الشرعي لشركتنا واستناداً إلى نظام ممارسة مهنة المراجعة التي تتطلب قيامنا بالتخطيط وتنفيذ أعمال التدقيق للحصول على تأكيد معقول لموافقة العمليات التنفيذية للمؤسسات المالية الإسلامية للمعايير المعتمدة أو لقرارات هيئة الرقابة الشرعية.

الممثل القانوني والمدقق الشرعي

ضاري ليث العتيقي

1

راس المال المدفوع: 250.000 د.ك
سجل التجاري 116861

Tel :00965 22960565
Fax: 00965 22413369
P.O.box: 957 Surra
Code 45710
E-mail: da@tadqiq.com.kw
www.tadqiq.com.kw
State of Kuwait

التاريخ: 2022/04/21م

السادة/ شركة رساميل للاستثمار **المحترمون**

الموضوع: تقرير التدقيق الشرعي الخارجي للفترة المالية 2021/04/01 - 2022/03/31م

السلام عليكم ورحمة الله وبركاته

وفقاً إلى عقد الارتباط الموقع معكم فإن شركة التدقيق الشرعي الخارجي تقوم على أعمال الشركة للتأكد من التزامها بالمعايير المعتمدة أو بالقرارات والفتاوى الصادرة عن هيئة الرقابة الشرعية.

ولجعل عملية التدقيق الشرعي الخارجي أكثر كفاءة وفعالية فإن إجراءات التدقيق على العمليات التنفيذية للمؤسسات المالية الإسلامية تتم وفقاً لمعايير التدقيق الشرعي لشركتنا واستناداً إلى نظام ممارسة مهنة المراجعة التي تتطلب قيامنا بالتخطيط وتنفيذ أعمال التدقيق للحصول على تأكيد معقول لموافقة العمليات التنفيذية للمؤسسات المالية الإسلامية للمعايير المعتمدة أو لقرارات هيئة الرقابة الشرعية.

الممثل القانوني والمدقق الشرعي

ضاري ليث العتيقي

1

راس المال المدفوع: 250.000 د.ك
سجل التجاري 116861

Tel :00965 22960565
Fax: 00965 22413369
P.O.box: 957 Surra
Code 45710
E-mail: da@tadqiq.com.kw
www.tadqiq.com.kw
State of Kuwait

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Board of Directors of Rasameel Investment Company K.S.C. has established an independent Audit Committee in accordance with the requirement of implementing the rules of sound governance. This comes as part of the Board efforts to ensure performing its tasks effectively, specifically reviewing and supervising the company's accounts and financial statements, ensuring their integrity as well as ensuring the adequacy and effectiveness of the Company's internal control systems.

This committee operates under a charter approved by the Board of Directors that defines the duration of its work, its powers, tasks and responsibilities, and how the Board monitors its work, in accordance with the following:

Date of the Committee's Establishment and its Duration

29/08/2021 for three years

Number of meetings held by the committee during the year

7 meetings

Committee members:

1. **Ms. Noor Tawfiq Al Abdulrazzaq**
   Non-executive Board member
   (Committee Chairman)
2. **Mr. Abdulaziz Mohammad Alanjeri**
   Independent Board member
3. **Mr. Mohammad Tawfeeq Ahmad Sultan**
   Non-executive Board member
4. **Ms. Zainab Almad Al Failakawi**
   Non-executive Board member
5. **Mr. Mohammad Abdulrahman Al Fares**
   Non-executive Board member

The main tasks and responsibilities of the committee

Internal Controls:

1. Considering the effectiveness of the Company's internal control systems, including the security and controls of the information technology systems.
2. Ensuring the implementation of the principles of dual control in the Company.
3. Understanding the scope of the internal and external auditors' review of the internal audits of financial reports and obtaining the key findings and recommendations, along with the management's responses.

4. Reviewing the internal control report submitted annually by an independent audit office to evaluate and review the internal control systems.
5. Examining the accounting policies in place and expressing an opinion and submitting recommendations to the Board of Directors in this regard.
6. Assessing the adequacy of the internal control systems applied within the Company and preparing a report that includes the opinion and recommendations of the Committee in this regard.
7. Reviewing the results of the supervisory authorities reports and ensuring the necessary measures have been taken in this regard.
8. Ensuring the Company's compliance with the relevant laws, policies, regulations and instructions.

Internal Audit:

1. Technical supervision of the Company's internal audit department to verify its effectiveness in carrying out the mission and tasks set by the Board of Directors.
2. Recommending the appointment, transfer, and dismissal of the Internal Audit Director, and evaluating his performance and the performance of the Internal Audit Department.
3. Reviewing and approving the audit plans proposed by the internal auditor and submitting observations thereon.
4. Reviewing the results of the internal audit reports and ensuring the necessary corrective measures have been taken regarding the observations submitted in the reports.

External Audit:

1. Reviewing the periodic financial statements before presenting them to the Board of Directors and submitting an opinion and some recommendations to ensure the integrity and transparency of the financial reports.
2. Recommending to the Board of Directors the appointment and reappointment of the external auditors or changing them and determining their fees. When recommending the appointment of external auditors, careful consideration should be given to ensuring their independence and reviewing their appointment letters.
3. Following up on the work of the external auditors and ensuring that they do not provide services to the Company other than the services required under the audit profession.
4. Examining the external auditors' observations on the Company's financial statements and following up on the measures that have been taken in this regard.

AUDIT COMMITTEE REPORT

Compliance:

1. Reviewing the effectiveness of the legal compliance monitoring system, the regulations and the results of the management's investigation and follow-up (including disciplinary actions) in any case of non-compliance.
2. Conducting the annual review to ensure that there are no conflicts of interest or dealings with parties related to the senior employees or any of their important commercial and investment transactions.

The committee's major achievements during the year

- Reviewing the periodic and annual financial statements and reports before presenting them to the Board of Directors and submitting an opinion and recommendations thereon.
- Discussing and approving the internal audit reports.
- Ensuring that the necessary corrective actions have been taken regarding the observations submitted in the internal audit reports.
- Ensuring the technical supervision of the Company's internal audit department to verify its effectiveness in carrying out the mission and tasks specified by the Board of Directors.
- Reviewing the internal control report submitted annually by an independent audit office to evaluate and review the internal control systems.
- Preparing the annual report of the Audit Committee.
- Approving the Company's internal audit plan.
- Discussing the external Shariah auditor report
- Approving the internal Shariah auditor report.
- Recommending to the Board of Directors the reappointment of the external Shariah audit office.
- Recommending to the Board of Directors the reappointment of the external auditor.
- Evaluating the performance of the internal audit officer.
- Evaluating the Audit Committee.

The Company has an internal audit department in its organizational structure. This department is independent with an appropriate relationship with the Audit Committee and the Board of Directors. It has qualified human cadres to perform its work. Furthermore, for its internal audit process, the Company contracts with a specialized third party to carry out these tasks. In coordination with the external party, the internal auditor works on reviewing and evaluating the internal control systems applied in the Company in accordance with the policies approved by the Board of Directors and the audit plans approved by the Audit Committee, as well as on preparing the necessary periodic reports in this regard and presenting them to the Audit Committee.

The Company follows a set of internal control systems that cover all of the Company's activities. It has prepared and adopted structures, policies and procedures designed to define the powers and responsibilities and separate tasks. The Board of Directors follows up on the internal control systems through the reports submitted by the Company's oversight committees and functions. Moreover, an independent audit office is assigned to evaluate and review the internal control systems and prepare a report in this regard. This report is submitted to the Capital Markets Authority, the Audit Committee and the Board of Directors on an annual basis. The Company also appoint an independent audit office to review and evaluate the performance of the Internal Audit Department periodically every three years. A copy of this report is submitted to the Audit Committee and the Board of Directors.

The committee held periodic meetings with the external auditor, in addition to meetings with the Company's internal auditor. The internal auditor and the external auditor have the right to request a meeting with the Executive Committee whenever it deems necessary without the presence of the executive management.

We would like to point out that there is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors.

Noor Tawfiq Al Abdulrazzaq
Committee Chairperson

CORPORATE GOVERNANCE REPORT

Rule I: Construct a Balanced Board Composition

A brief on the formation of the Board of Directors, as follows:

Name	Member classification	Qualification and practical experience	Date of election / Appointment of Board Secretary
Mr. Gerard Snabian Chairman	Non-executive	• Master's of Business Administration • Has more than 33 years of experience as head of all investment, operations and financial activities, including 20 years as Chief Executive Officer and Acting Chief Executive Officer of several investment companies.	August 29, 2021
Mr. Samir Abdulmohsen Al Gharaballi Vice Chairman & CEO	Executive	• Master's in Business Administration. • Has 40 years of supervisory experience in a number of investment companies. • Former member of the Board of Directors of a number of companies in addition to an Islamic investment bank.	August 29, 2021
Mr. Haitham Sulaiman Al Khaled Board member	Non-executive	• Bachelor's in electrical engineering. • Has more than 27 years of experience in mobile communications, including 14 years in executive positions and 13 years in central middle management positions. • Served as Chairman of the Board of Directors and Member of the Board of Directors for a number of companies for more than 15 years.	August 29, 2021
Mr. Mohammad Tawfeeq Ahmad Sultan Board member	Non-executive	• Bachelor's in business administration • Has more than 15 years of experience and is the Deputy General Manager of Towell Group and a member of the Board of Directors of many companies.	August 29, 2021
Mr. Abdulaziz Mohammad Al Anjeri Board member	Independent	• Bachelor's in civil engineering • Has more than 18 years of experience • Served as Chief Executive Officer and General Manager since 2009 and is a Board Member for a number of companies.	August 29, 2021

Name	Member classification	Qualification and practical experience	Date of election / Appointment of Board Secretary
Mrs. Zainab Al Failakawi Board Member	Non-executive	• Holder of a Bachelor of Accounting in Administrative Sciences. • She has more than 10 years of experience, and she is currently the Head of the Financial Investment Operations Department at the General Secretariat for Endowments.	November 24, 2021
Ms. Noor Tawfiq Salem Al Abdulrazzaq Board Member	Non-executive	• Master's in Business Administration. • She has more than 13 years of experience, including 8 years in the field of treasury and investment.	August 29, 2021
Mr. Mohamad AbdulRahman Al Fares Board Member	Non-executive	• Bachelor's degree in Business Administration (Finance). • He has more than 10 years of experience, and is the owner and Chairman of Nat Capital Holding Company. • In addition, he has been an advisor to the board of directors of Towell International Holding Company since June 2016.	November 24, 2021
Mr. Dakhil Abdullah Al Dakhil Board Secretary	Board Secretary	• BA in Industrial Engineering and he is a chartered financial analyst (CFA) • He has more than 15 years of experience in the field of Islamic investment and finance, including more than 8 years in executive positions • He held the position of Vice Chairman of the Board of Directors of a financial company for a period of more than 6 years	August 29, 2021

A brief on the Board of Directors' meetings:

Meetings of the Board of Directors in the financial year ended in March 31, 2022 (Financial year 2021– 2022)

Board member	Meeting #1 held in 11/04/2021	Meeting #2 held in 28/06/2021	Meeting #3 held in 27/07/2021	Meeting #4 held in 12/08/2021	Meeting #5 held in 22/08/2021	Meeting #6 held in 29/08/2021	Meeting #7 held in 24/11/2021	Meeting #8 held in 29/11/2021	Meeting #9 held in 12/01/2022	Meeting #10 held in 23/02/2022	Number of meetings (10)
Dr. Fahad Muhammad Fahad Al-Rashed (Chairman) (From 01/04/2021 to 29/08/2021)	✓	✓	✓	✓	✓	Membership Expired	Membership Expired	Membership Expired	Membership Expired	Membership Expired	5
Mr. Gerard Snabian (Deputy Chairman) (From 01/04/2021 to 29/08/2021) (Chairman) (From 08/29/2021 to 03/31/2022)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Samir Abdulmohsen Al Gharaballi (Board Member and CEO) (From 01/04/2021 to 29/08/2021) (Vice Chairman and CEO) (From 08/29/2021 to 03/31/2022)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Haitham Sulaiman Al Khaled Board member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Abdulaziz Mohammad Al Anjeri Board Member	✓		✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Mohammad Tawfeeq Ahmad Sultan Board Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10

Board member	Meeting #1 held in 11/04/2021	Meeting #2 held in 28/06/2021	Meeting #3 held in 27/07/2021	Meeting #4 held in 12/08/2021	Meeting #5 held in 22/08/2021	Meeting #6 held in 29/08/2021	Meeting #7 held in 24/11/2021	Meeting #8 held in 29/11/2021	Meeting #9 held in 12/01/2022	Meeting #10 held in 23/02/2022	Number of meetings (10)
Mrs. Hanan Yousef Ali Yousef (Board Member) (From 01/04/2021 to 29/08/2021)	✓	✓	✓	✓	✓	Membership Expired	Membership Expired	Membership Expired	Membership Expired	Membership Expired	5
Mrs. Zainab Ahmad Al Failakawi (Board Member) (From 24/11/2021 to present)	Not elected yet	Not elected yet	Not elected yet	Not elected yet	Not elected yet	Not elected yet	✓	✓	✓	✓	4
Ms. Noor Tawfiq Salem Al Abdulrazzaq Board Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Mohamad AbdulRahman Al Fares (Board Member) (From 24/11/2021 to present)	Not elected yet	Not elected yet	Not elected yet	Not elected yet	Not elected yet	Not elected yet	✓	✓	✓	✓	4

* a (✓) mark is inserted when a member attends the Board of Directors' meeting.

A brief on the methodology adopted in the implementation of the requirements for recording, coordinating and keeping the minutes of the Board's meetings:

The Secretary of the Board of Directors undertakes the tasks of writing the minutes of the Board of Directors' meetings, which include the discussions and deliberations that took place during the meetings, the decisions taken and any reservations (if any are expressed). These minutes are signed by the Secretary of the Board of Directors and all the members present at the meetings.

There is also a special record in which the minutes of the meetings are recorded under serial numbers for the year in which the meetings were held. This special record shall indicate the place, date, and hour of the beginning and end of the meeting to facilitate reference to those minutes.

Minutes of meetings, records, reports and other documents submitted to and by the Board shall be kept with the Secretary.

The Secretary shall make sure that the Board members follow the procedures approved by the Board. He shall also ensure that the dates of the Board meetings are notified at least three working days before the meeting's date, and take into consideration the emergency of some meetings. In addition, he shall guarantee to the members of the Board of Directors full and quick access to the minutes of the meetings as well as to the company's information and documents. Under the supervision of the Chairman of the Board of Directors, the Secretary shall maintain the proper delivery and distribution of information as well as the coordination among the Board members and other stakeholders in the company.

A declaration by the independent Board Member that he fulfills the independence requirements. A copy of the declaration is attached to this report:

The independence criteria for the independent Board Member are available and a copy of the declaration is attached to this report.

Rule II: Establish Appropriate Roles and Responsibilities

A brief on the Company's approach to defining the roles, responsibilities and duties of the Board Members and the Executive Management, as well as the delegation of authority to the Executive Management:

The Board of Directors shall assume all the necessary powers and authorities to manage the Company. The Board of Directors' powers, duties and responsibilities are defined in the Company's Articles of Association and in the Board's Committee Charter approved by the Board, without any prejudice to the competencies of the Company's General Assembly. Among the most prominent of these tasks and responsibilities are the following:

- Approving the Company's strategy, objectives, work plans and budgets estimates.
- Approving the interim and annual financial statements.
- Approving the internal charters, regulations and policies.
- Developing and approving the Company's corporate governance structure and supervising it, including the preparation of the annual corporate governance report.

- Forming specialized committees emanating from it.
- Determining the powers that are delegated to the executive management.
- Monitoring and supervising the performance of the executive management.
- Periodically monitoring the effectiveness and adequacy of the internal control systems.

In addition to the obligations of the Board of Directors, the Board Chairman shall be responsible for representing the Company before any third parties, and for the proper functioning of the Board of Directors in an appropriate and effective manner. He shall ensure that the Board Members have access to full and correct information in a timely manner. Among other responsibilities, the Board Chairman shall encourage an effective participation and a constructive relationship between the Board Members and the Executive Management.

The tasks and responsibilities of the Executive Management are also defined in the policies approved by the Board of Directors. Among the most prominent of these tasks and responsibilities are the following:

- Implementing the annual strategy and plans approved by the Board of Directors.
- Implementing all the internal policies approved by the Board of Directors.
- Assuming full responsibility for the Company's overall performance and business results.
- Establishing internal control systems and ensuring the adequacy and effectiveness of those systems.
- Preparing periodic reports on the company's activities and presenting them to the Board of Directors.

The Board of Directors shall also determine the powers that are delegated to the Executive Management, taking into account the balance of powers and authorities between the Board of Directors and the Executive Management, so that none of the parties has exclusive powers and that in order to facilitate the accountability process.

Achievements of the Board of Directors for the year

- Reviewing and approving the interim financial statements and the annual financial statements of the Company.
- Following up on the work of the committees emanating from the Board of Directors.
- Holding an ordinary General Assembly meeting.
- Preparing the Company's Board of Directors report.
- Preparing the corporate governance report.

- Examining the reports of the Shariah Supervisory Board and the External Shariah Audit Office.
- Recommending to the shareholders through the Company's General Assembly the reappointment of the Company's external auditor based on the recommendation of the audit committee.
- Recommending to the shareholders through the Company's General Assembly the re-appointment of the Company's Shariah Supervisory Board.
- Recommending to the shareholders through the Company's General Assembly the reappointment of the Company's external Shariah audit office based on the recommendation of the audit committee.
- Discussing and approving the annual assessment of the Board of Directors as a whole, as well as the assessment of each Board Member, each committee of the Board of Directors, and the executive managers' performance.
- Monitoring and supervising the performance of the Executive Management and ensuring that the approved policies and regulations are followed.
- Following up on the performance and latest developments of the Company, its subsidiaries and associates.
- Periodically following-up on the latest developments of the Company's assets.
- Examining the Company's expenses and revenues budget.
- Examining the management reports on the Company's financial position.
- Ensuring the Company's compliance with the laws and legislations related to the Company's work.
- Examining the evaluation and monitoring report of the internal control systems prepared by an independent auditor.
- Following up on the Company's business continuity and emergency plan.
- Discussing and approving the semi-annual risk reports prepared by the Risk Management Department and submitted by the Risk Management Committee.
- Discussing and approving the anti-money laundering reports.
- Discussing and approving the audited capital adequacy report and the auditor's report to comply with the capital adequacy regulations and instructions.

A brief on the implementation of the requirements of the establishment of independent specialized committees by the Board of Directors:

In line with the application of the rules of sound corporate governance in the Company, the Board of Directors has formed four independent committees, emanating from it, with the aim of enabling it to perform its duties effectively and to supervise the implementation of the various axes of corporate governance. The responsibilities of these committees and their monitoring by the Board of Directors shall be as follows:

Nomination and Remuneration Committee	
Date of the Committee's establishment and its duration	29/08/2021 for three years
The number of meetings held by the committee during the year	5 meetings
Committee's members	1. **Mr. Gerard Snabian** Chairman - Committee Chairman 2. **Mr. Haitham Sulaiman Al Khaled** Non-executive Board member 3. **Mr. Abdulaziz Mohammad Alanjeri** Independent Board member
The main tasks and responsibilities of the committee	1. Assisting the Board of Directors in identifying the individuals qualified to work in the Board and its committees. 2. Recommending the acceptance of the nomination and re-nomination of the members of the Board of Directors and the Executive Management. 3. Developing the Company's compensation and remuneration policies and modalities/conditions. 4. Determining the different segments of compensations that will be granted to the employees. 5. Establishing a clear policy for the remuneration of the members of the Board of Directors and the Executive Management. 6. Recommending the compensations for the members of the Board of Directors, the Chief Executive Officer and the members of the Executive Management in accordance with the directives of the Board of Directors. 7. Overseeing the implementation of the Company's remuneration policy, including the analysis of feedback, if any, from shareholders and other stakeholders in the Company. 8. Establishing job descriptions for executive members, non-executive members, and independent members. 9. Ensuring that the members of the Board of Directors perform their duties and responsibilities in an independent manner. 10. Ensuring the independence of the independent board members. 11. Preparing a detailed annual report on all the remunerations granted to the members of the Board of Directors and the Executive Management.

Nomination and Remuneration Committee	
Major achievements of the committee during the year	• Ensuring the independence of the independent board member. • Processing the annual assessment of the Board of Directors as a whole, and assessing each Board member, Board committee as well as the performance of executive managers. • Determining the required appropriate skills for the membership of the Board of Directors. • Preparing the remuneration report for the fiscal year ending on 31-03-2022.

Audit Committee	
Date of the Committee's Establishment and its Duration	29/08/2021 for three years
Number of meetings held by the committee during the year	7 meetings
Committee's members	**1. Ms. Noor Tawfiq Al Abdulrazzaq** Non-executive Board Member - Committee Chairman **2. Mr. Abdulaziz Mohammad Alanjeri** Independent Board member **3. Mr. Mohammad Tawfeeq Ahmad Sultan** Non-executive Board member **4. Mrs. Zainab Ahmad Al Failakawi** Non-executive Board Member **5. Mr. Mohamad AbdulRahman Al Fares** Non-executive Board member (till 19/11/2020)
The main tasks and responsibilities of the committee	**Internal Controls:** 1. Considering the effectiveness of the Company's internal control systems, including the security and controls of the information technology systems. 2. Ensuring the implementation of the principles of dual control in the Company. 3. Understanding the scope of the internal and external auditors' review of the internal audits of financial reports and obtaining the key findings and recommendations, along with the management's responses. 4. Reviewing the internal control report submitted annually by an independent audit office to evaluate and review the internal control systems.

Audit Committee

The main tasks and responsibilities of the committee

5. Examining the accounting policies in place and expressing an opinion and submitting recommendations to the Board of Directors in this regard.
6. Assessing the adequacy of the internal control systems applied within the Company and preparing a report that includes the opinion and recommendations of the Committee in this regard.
7. Reviewing the results of the reports of the supervisory authorities and ensuring that the necessary measures have been taken in this regard.
8. Ensuring the Company's compliance with the relevant laws, policies, regulations and instructions.

Internal Audit:

1. Ensuring the technical supervision of the Company's internal audit department in order to verify its effectiveness in carrying out the mission and tasks specified by the Board of Directors.
2. Recommending the appointment, transfer, and dismissal of the Internal Audit Director, and evaluating his performance and the performance of the Internal Audit Department.
3. Reviewing and approving the audit plans proposed by the internal auditor, and submitting observations thereon.
4. Reviewing the results of the internal audit reports, and ensuring that the necessary corrective measures have been taken regarding the observations submitted in the reports.

External Audit:

1. Reviewing the periodic financial statements before presenting them to the Board of Directors, and submitting to the Board of Directors an opinion and recommendations thereon in order to ensure the integrity and transparency of the financial reports.
2. Recommending to the Board of Directors the appointment and reappointment of the external auditors or changing them and determining their fees. When recommending the appointment of external auditors, careful consideration should be given to ensuring their independence and reviewing their appointment letters.

Audit Committee	
	3. Following up on the work of the external auditors, and ensuring that they do not provide services to the company other than the services required under the audit profession. 4. Examining the external auditors' observations on the Company's financial statements and following up on the measures that have been taken in this regard.
The main tasks and responsibilities of the committee	**Compliance:** 1. Reviewing the effectiveness of the legal compliance monitoring system and regulations and the results of the management's investigation and follow-up (including disciplinary actions) in any case of non-compliance. 2. Conducting the annual review to ensure that there are no conflicts of interest or dealings with parties related to the senior employees or any of their important commercial and investment transactions.
Major achievements of the committee during the year	• Reviewing the periodic and annual financial statements and reports before presenting them to the Board of Directors and submitting an opinion and recommendations thereon. • Discussing and approving the internal audit reports. • Ensuring that the necessary corrective actions have been taken regarding the observations submitted in the internal audit reports. • Ensuring the technical supervision of the Company's internal audit department in order to verify its effectiveness in carrying out the mission and tasks specified by the Board of Directors. • Reviewing the internal control report submitted annually by an independent audit office to evaluate and review the internal control systems. • Preparing the annual report of the Audit Committee. • Approving the company's internal audit plan. • Reviewing the report of the external Shariah auditor. • Approving the report of the internal Shariah auditor. • Recommending to the Board of Directors the reappointment of the external Shariah audit office. • Recommending to the Board of Directors the reappointment of the external auditor. • Evaluating the performance of the internal audit officer. • Evaluating the Audit Committee.

Risk Management Committee	
Date of the committee's establishment and its duration	29/08/2021 for three years
Number of meetings held by the committee during the year	5 meetings
Committee's members	1. **Ms. Noor Tawfiq Al Abdulrazzaq** Non-executive Board Member - Committee Chairman 2. **Mr. Abdulaziz Mohammad Alanjeri** Independent Board member 3. **Mr. Mohammad Tawfeeq Ahmad Sultan** Non-executive Board member 4. **Mrs. Zainab Ahmad Al Failakawi** Non-executive Board Member 5. **Mr. Mohamad AbdulRahman Al Fares** Non-executive Board member (till 19/11/2020)
The main tasks and responsibilities of the committee	1. Preparing and reviewing the risk management strategies and policies before they are approved by the Board of Directors, and ensuring that these strategies and policies are implemented and are relevant to the nature and size of the Company's activities. 2. Ensuring the availability of adequate resources and systems to manage risks. 3. Evaluating the systems and mechanisms for identifying, measuring and following up on the different types of risks that the Company may be exposed to, in order to identify their potential deficiencies. 4. Assisting the Board of Directors in determining and evaluating the acceptable level of risk in the Company, and ensuring that the Company does not exceed this level of risk after its approval by the Board of Directors. 5. Reviewing and evaluating the adequacy of the company's liquidity and financial position. 6. Reviewing the company's risk management programs related to information technology. 7. Reviewing the organizational structure of risk management and making recommendations in this regard before the approval of this structure by the Board of Directors. 8. Ensuring the neutrality of risk management personnel with regard to the activities that expose the company to risks.

Risk Management Committee	
The main tasks and responsibilities of the committee	9. Ensuring that the risk management staff have a full understanding of the risks to which the Company is exposed, and working on increasing the employees' awareness and understanding of the risks culture. 10. Preparing periodic reports on the nature of the risks to which the company is exposed, and submitting these reports to the Company's Board of Directors. 11. Reviewing the issues raised by the relevant audit committee that may affect the Company's risk management.
Major achievements of the committee during the year	• Evaluating the performance of the Risk Management Committee for the period ended March 31, 2022 • Approving the risk report for the financial year ending on march 31, 2022 • Approving the risk report for the financial period ending on 30/09/2021 • Reviewing the periodic risk reports and submitting them to the Board of Directors and then to the Capital Markets Authority on a semi-annual basis.

Executive Committee	
Date of the Committee's Establishment and its Duration	29/08/2021 for three years
Number of meetings held by the committee during the year	7 meetings
Committee Members	1. **Mr. Gerard Snabian** Chairman - Committee Chairman 2. **Mr. Samir Abdulmohsen Al Gharaballi** Vice Chairman and CEO 3. **Mr. Mohammad Tawfeeq Sultan** Board member 4. **Mr. Haitham Sulaiman Al Khaled** Board member

Executive Committee	
The main tasks and responsibilities of the committee	1. Examining and submitting advice on the key issues before submitting them to the Board of Directors. 2. Approving the lending operations, obligations and investments. 3. Reviewing the investment offers and submitting an opinion thereon. 4. Reviewing the Company's amended annual budget proposed by the Executive Management and submitting a recommendation to the Board of Directors in this regard. 5. Examining the CEO succession plan presented by the Executive Management and submitting a recommendation in this regard to the Board of Directors for their approval. 6. Submitting a report to the Board of Directors, no later than the next Board meeting, regarding all the decisions and actions taken by the Committee. 7. Ensuring that the Company's policies and procedures are followed, modified and implemented appropriately. 8. Ensuring compliance with the laws, rules and regulations and the principles of Islamic Shariah by the various legal authorities. 9. Reviewing its performance and charter to ensure that it is operating with maximum effectiveness and recommending any amendments it deems necessary to the Board of Directors for approval. 10. Dealing with other matters referred to it by the Board of Directors.
Major achievements of the committee during the year	• The Company's cash flow forecast for the year 2021-2022 • Conducting a comprehensive discussion of the Company's situation and the plan for the rest of the year and adjusting the budget accordingly. • The company's business results. • Discussing the estimated budget of the Company • Conducting a periodic follow-up on the developments of the Company, its subsidiaries and associates. • Conducting a periodic follow-up on the latest developments related to the Company's assets. • Discussing the company's strategy. • Examining the Company's budget of expenses and revenues for the fiscal year 2021-2022

A brief on the method of implementing the requirements that allow the members of the Board of Directors to obtain accurate and timely information and data:

The Executive Management works to provide information, data and documents in a complete, accurate and timely manner to all the members of the Board of Directors, in order to enable them to carry out and complete their duties and tasks efficiently and effectively. The Executive Management also ensures that all periodic and non-periodic reports are prepared with the highest level of quality and accuracy.

Rule III: Recruiting Highly Qualified Candidates for the Membership of the Board of Directors and the Executive Management

A brief on the application of the requirements for establishing the Nominations and Remunerations Committee:

The Board of Directors, after being selected by the General Assembly, has established the Nominations and Remunerations Committee in accordance with the requirements of the Capital Markets Authority and as mentioned in the above clauses. The company has a policy approved by the Board of Directors regarding the granting of remunerations. This policy includes determining the remunerations of the chairman and members of the Board of Directors and specifying the different segments of remunerations granted to employees in accordance with the applicable legal and regulatory requirements.

The report on the remunerations granted to the Board of Directors' members and the Executive Management:

- The Board submits the committees and the Board's remuneration recommendations to the Annual General Assembly.
- The remuneration report shall be made available at the Ordinary General Assembly meeting, and shall be read by the Chairman of the Board of Directors as part of the corporate governance report.

Summary of the Company's remuneration and incentives policy, in particular with regard to the members of the Board of Directors, the executive management and managers:

In accordance with the remuneration policy approved by the Board of Directors, the annual remuneration is linked to the Company's performance during the year, considering the following:

- The applicable legal and regulatory requirements are taken into consideration when determining the remuneration of the Chairman of the Board of Directors, the Board Members and the employees.

- The Board of Directors remunerations are divided into fixed and variable remunerations and benefits (Annual renumeration and committee renumeration)
- The employees' benefits are divided into fixed remunerations (Monthly salaries, health and life insurances, social insurance, annual airline tickets and car parking allowance) and variable remunerations (linked to the employee's annual performance and annual renumeration).

Report on the remunerations granted to the Chairman of the Board of Directors, the Board Members and the Executive Management:

- **Board of Directors remunerations**

No remuneration was paid to the Chairman and members of the Board of Directors during the year.

<table>
<tr><th colspan="8">Remunerations and benefits for Board Members</th></tr>
<tr><th rowspan="3">Total number of members</th><th colspan="3">Remunerations and benefits through the parent company</th><th colspan="4">Remunerations and benefits through subsidiaries</th></tr>
<tr><th>Fixed remunerations and benefits (KD)</th><th colspan="2">Variable remunerations and benefits (KD)</th><th colspan="2">Fixed remunerations and benefits (KD)</th><th colspan="2">Variable remunerations and benefits (KD)</th></tr>
<tr><th>Health insurance</th><th>Annual remuneration</th><th>Committee remuneration</th><th>Health insurance</th><th>Monthly salaries (total for the year)</th><th>Annual remuneration</th><th>Committee remuneration</th></tr>
<tr><td>8</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

- **Executive Management remunerations**

The total remunerations granted to the CEO and three members of the executive management who received the highest amounts from the Company, in addition to the CFO was KD 411,224 (four hundred and eleven thousand two hundred and twenty-four Kuwaiti Dinars only).

The following table outlines the remunerations granted:

Total remunerations and benefits granted to 5 senior executives who received the highest remunerations, in addition to the CEO and CFO or whoever represents them if they are not among them																
Total number of executive positions	Remunerations and benefits through the parent company									Remunerations and benefits through subsidiaries						
	Fixed remunerations and benefits (KD)								Variable remunerations and benefits (KD)	Fixed remunerations and benefits (KD)						Variable remunerations and benefits (KD)
	Monthly salaries (for the whole year)	Health insurance	Annual tickets	Social insurance	Housing allowance	Transportation allowance	Car Parking allowance	Children's education allowance	Annual renumeration	Monthly salaries (for the whole year)	Health insurance	Annual tickets	Housing allowance	Transportation allowance	Children's education allowance	Annual renumeration
5	375,625	9,295	0	11,189	0	0	1,250	5,498	8,367	-	-	-	-	-	-	-

- There are no other remunerations given directly or indirectly by affiliates.
- There are no material deviations from the remuneration policy approved by the Board of Directors.

Rule IV: Safeguarding the Integrity of Financial Reporting

Written undertakings by both the Board of Directors and the Executive Management on the integrity and accuracy of the prepared financial reports:

During the Board of Directors meeting No. 2 of 2022-2023 held on 08/06/2022, the executive management of the Company pledged to the Board of Directors in writing the integrity and accuracy of the financial reports prepared for the Company during the financial year ending on 31/01/2022, as well as all reports related to the Company's activity. It further acknowledged that these reports were presented in a sound and fair manner, that they review all the financial aspects of the company, including data and operational results, and that they were prepared in accordance with the international accounting standards approved by the Capital Markets Authority. Accordingly, the Board of Directors pledges in the annual report and assures to the shareholders the integrity and accuracy of the financial statements prepared for the Company during the financial year ending on 31/03/2022, as well as all reports related to the Company's activity. It further acknowledges that these reports have been presented in a sound and fair manner, that they reviewed all the financial aspects of the Company, including data and operational results, and have been prepared in accordance with the international accounting standards approved by the Capital Markets Authority.

A brief on the application of the requirements for establishing the Audit Committee:

The Board of Directors has established the Audit Committee in accordance with the requirements of the Capital Markets Authority and as mentioned in the above clauses.

In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, a statement detailing and explaining the recommendations and the reason or reasons behind the Board of Directors' decision not to be bound by them shall be included:

None.

The Company's external auditor shall be nominated based on a recommendation from the Audit Committee to the Board of Directors, after ensuring that he is independent from the Company and its Board of Directors and that he does not carry out any additional work for the Company that is not included in the control and audit activities that may affect impartiality or independence. The recommended external auditor shall be selected among the auditors registered in the special register of the Capital Markets Authority. The Ordinary General Assembly, at its annual meeting, shall appoint the Company's external auditor based on the Board of Directors' recommendation. The external auditor shall attend the meetings of the General Assembly and read the report that he had prepared to the shareholders.

Rule V: Applying Sound Systems of Risk Management and Internal Control

A brief on the application of the requirements for establishing an independent risk management department:

The company's organizational structure includes a risk management department. It is an independent department that reports directly to the Risk Management Committee, and it has the qualified human cadres to perform its activities. This department works on identifying, measuring, following up and limiting all types of risks that the Company may be exposed to in accordance with the policies approved by The Board of Directors. It shall also be responsible for preparing the necessary periodic reports in this regard and presenting them to the Risk Management Committee.

A brief statement on the application of the requirements for establishing the Risk Management Committee:

The Board of Directors has established the Risk Management Committee in accordance with the requirements of the Capital Markets Authority and as mentioned in the above clauses.

A brief clarification of the internal organization and control systems:

The Company shall adopt a set of internal organization and control systems that cover all of the Company's activities by preparing and approving a set of structures, policies and procedures aimed at defining powers and responsibilities and separating tasks. The Board of Directors shall monitor the internal control systems through reports submitted by the Company's control committees and functions. In addition, an independent audit office shall be assigned to evaluate and review the internal control systems and shall prepare a report in this regard. This report shall be submitted to the Capital Markets Authority on an annual basis. In addition, a copy of this report shall be provided to the Audit Committee and the Board of Directors.

A brief statement on the application of the requirements for establishing an independent internal audit department:

The Company has an internal audit department in the company's organizational structure. This department is independent and reports directly to the Audit Committee and to the Board of Directors. It also has the qualified human cadres to perform its work. In addition, the Company relies in the internal audit process on contracting with a specialized third party to carry out these tasks. The internal auditor, in coordination with the external party, works on reviewing and evaluating the internal control systems applied in the Company in accordance with the policies approved by the Board of Directors and the audit plans approved by the Audit Committee. He also prepares the necessary periodic reports in this regard and presents them to the Audit Committee.

In addition, an independent audit office (other than the audit office responsible for evaluating and reviewing the internal control systems) is assigned to review and evaluate the performance of the internal audit periodically every three years. A copy of this audit office's report is provided to the Audit Committee and the Board of Directors.

Rule VI: Promoting the Code of Conduct and Ethical Standards

A brief on the work charter that includes the standards and determinants of professional conduct and ethical values:

The Company has a work charter approved by the Board of Directors that includes standards and determinants that establish the concepts, values and ethical principles applicable to the Company, the members of the Board of Directors, the Executive Management and all the employees.

A brief on the policies and mechanisms related to reducing conflicts of interest:

The company has a policy on reducing cases of conflict of interest approved by the Board of Directors. This policy includes examples that can help the members of the Board of Directors and the Executive Management identify the cases of conflict of interest and the applicable measures to address and deal with them.

Rule VII: Ensuring Timely and High-Quality Disclosure and Transparency

A brief on the application of accurate and transparent presentation and disclosure mechanisms that define the aspects, fields and characteristics of disclosure:

The Company has a policy of disclosure and transparency towards its shareholders, potential investors and other stakeholders. This policy has been approved by the Board of Directors, and is compliant with the provisions contained in the Capital Markets Authority Law and its Executive Regulations, as well as the Authority's instructions and best practices in this regard. This policy is reviewed periodically.

A brief on the application of the requirements of the disclosures record of the Board of Directors' members and the Executive Management:

The company maintains a special register for the disclosures of the Board of Directors' members and the Executive Management. It includes the information and data required to be disclosed in accordance with the requirements of the laws and instructions as well as the Company's policies in this regard. The register is updated periodically and it shall be made available to the concerned parties for review during the normal working hours of the Company.

A brief on the application of the requirements for establishing the Investors Affairs Regulatory Unit:

The Investors Affairs Regulatory Unit has been established in the Company as an appropriately independent unit. It shall be responsible for providing the necessary information, data and reports to shareholders, potential investors and other stakeholders in a timely manner and through the applicable disclosure methods and means, including the Company's website.

A brief on the method applicable to developing the information technology infrastructure, and relying heavily on it for disclosures:

The Company is committed to relying on information technology to communicate with shareholders, potential investors and other stakeholders by creating a special section on the Company's website for corporate governance. Through this section the information and data that could be helpful for them are displayed.

Rule VIII: Respecting the Shareholders Rights

A brief on the application of the requirements to define and protect the general rights of shareholders, in order to ensure justice and equality among them:

The Company's articles of association and its internal policies and procedures include the rules set to ensure that all the shareholders can exercise their rights in a manner that achieves justice and equality without prejudice to and in compliance with the applicable laws, regulations, decisions and instructions. The Company is also committed to treating all its shareholders equally and without any discrimination. Among the most prominent general rights of shareholders are:

- Managing their shares including ownership registration, entry, transfer.
- Obtaining the prescribed share in the dividends.
- Obtaining the prescribed share of the Company's assets in the event of liquidation.
- Obtaining information and data on the Company's activity in a timely manner.
- Participating in the meetings of the General Assembly and voting on its resolutions.
- Electing board members.
- Monitoring the performance of the Company in general and the work of the Board of Directors in particular.
- Questioning the members of the Board of Directors and the Executive Management and filing a liability claim, in the event of their failure to perform the tasks assigned to them.

A brief on the creation of a special register to be kept with the clearing company, as part of the requirements for continuous follow-up of shareholder data:

In accordance with the agreement signed between the Company and the Kuwait Clearing Company, the shareholders register shall be kept at the clearinghouse. This register shall include all the information and data relevant to the shareholders, which should be handled in compliance with the highest levels of confidentiality protection. It shall be made available to the concerned parties for review during the normal working hours of the Company.

A brief on the method to be followed to encourage shareholders to participate and vote in the Company's general assembly meetings:

The Company shall encourage its shareholders to attend and participate in the Company's General Assembly meetings and vote on its decisions. The Company shall announce and disclose the invitation to the General Assembly meeting, including the agenda, time and place of the meeting, during the scheduled dates and through the specified means and mechanisms. The Company shall also give its shareholders sufficient time before the General Assembly meeting date to obtain information and data related to the agenda items. The Company shall further allow the shareholders to delegate representatives on their behalf to attend the General Assembly meeting and vote on its decisions, according to a special power of attorney or an authorization prepared by the Company for this purpose. The Company shall not charge any fees for the shareholders' attendance of the General Assembly meetings.

Rule IX: Recognizing the Stakeholders Roles

A brief on the systems and policies that ensure the protection and recognition of stakeholders' rights:

The Company is committed to protecting and recognizing the stakeholders' rights. The Company's Board of Directors has adopted a policy for the protection of the stakeholders' rights that includes rules and procedures that ensure the protection and recognition of the stakeholders' rights and allow them to obtain compensation in the event of a violation of any of their rights, in accordance with the relevant applicable laws In the State of Kuwait, including corporate law and labor law. The contracts concluded between the company and the stakeholders and any additional commitments the Company makes towards them shall also apply in this regard.

A brief on the method applied to encourage stakeholders to participate in following up on the Company's various activities:

The Company is committed to benefit from the contributions of the stakeholders and to encourage them to participate in following up on its activity in line with its efforts to achieve its goals. The company shall also work to provide the necessary information, data and reports to stakeholders in a timely manner and through the applicable methods and means of disclosure, including the Company's website, through the aforementioned section dedicated to the Investors' Affairs Unit. It shall also allow stakeholders to inform the Board of Directors of any improper practices they are exposed to by the Company, while guaranteeing confidentiality and appropriate protection to the parties who report such practices in good faith.

Rule X: Encouraging and Enhancing Performance

A brief on the application of the requirements for establishing mechanisms that allow the Board of Directors members and the Executive Management to access continuous training programs and courses:

An induction program is provided to the new members of the Board of Directors and the Executive Management about the Company's activities. This program shall include providing them with the Company's articles of association, strategy, organizational structure, annual report, financial statements, charters of action for the Board and committees, approved policies, as well as any other information, data, reports or documents. In addition, a plan shall be prepared and approved for the appropriate training programs for the Board of Directors members and the Executive Management regarding the latest developments in the areas related to the Company's work.

A Brief on the method followed to evaluate the performance of the Board of Directors as a whole, and the performance of each member of the Board of Directors and the Executive Management:

An annual self-evaluation of the Board of Directors as a whole and the contribution of each member and each committee of the Board as well as the Executive Management shall be conducted, in accordance with the set of objective performance indicators approved by the Board of Directors. This assessment shall be presented to the Board of Directors for discussion and shall lead to the adoption of the necessary recommendations in this regard. These measures aim to strengthen the capabilities of the Board, its members and the Executive Management in all areas related to the Company's work.

A brief on the Board of Directors' efforts to create value among the Company's employees, through the achievement of the strategic goals and the improvement of the performance rates:

The Board of Directors is committed to creating value among the Company's employees by achieving the strategic goals, improving the performance rates, and complying with the relevant laws, regulations, decisions, and instructions. This shall contribute to motivating the Company's employees to work continuously to maintain the Company's financial integrity.

The company shall prepare periodic reports on the achieved financial and non-financial indicators. These reports shall be updated with the latest information and developments. This shall help the Board of Directors and the Executive Management to take decisions in a systematic and sound manner, hence, achieve the shareholders' goals.

Rule XI: Focusing on the Importance of Corporate Social Responsibility

A brief on setting a policy to ensure a balance between the Company's targets and Society's goals:

The Company's Board of Directors has adopted a social responsibility policy aimed at aligning the Company's objectives with the goals that society seeks to achieve. This policy shall take into consideration the social and economic aspects of society in terms of job opportunities, businesses support, awareness programs, charitable initiatives, health and environment protection, etc.

A brief on the programs and mechanisms used to help highlight the Company's efforts in the field of social work:

The Company has developed a set of programs that ensure the continuity of implementing its social responsibility policy. It strives to contribute to social and economic activities on an ongoing basis by developing an annual plan for all the contributions and events and supervising its implementation.

As part of the company's interest in training the youth and its belief in the importance of education and knowledge transfer, as well as being part of Rasameel''s strategic plan to spread investment education and increase financial awareness among individuals, Rasameel Investment Company, in cooperation with the Economics Club at the Gulf University for Science and Technology held an educational seminar for students at Gulf University of Science and Technology about investment and Wealth creation. The speakers shared their cumulated experiences from the investment world and addressed student inquiries in this regard. Mr. Dakhil Al Dakhil CEO of Rasameel and Mr. Ali Al Fulaij were the main speakers where they addressed the principles of sound investing and saving and the most common investment mistakes.

Samir Abdulmohsen Al Gharaballi
Chairman of the Board

INDEPENDENT AUDITOR'S REPORT


Data and prognosis of activity
600
370
250
140
70
50
Subdivision 1
Subdivision 2
Best subdivision value
Value of all subdivisions

INDEPENDENT AUDITOR REPORT

To the Shareholders of Rasameel Investment Company - K.S.C. (Closed)

State of Kuwait

Report on the audit of the consolidated financial statements

Opinion

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

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of this 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") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of Rasameel Investment Company - K.S.C. (Closed) for the financial year ended 31 March 2021 were audited by another auditor who expressed an unqualified opinion on these consolidated financial statements on 29 June 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is 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 be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than those 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 the management.
- Conclude on the appropriateness of the management 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 Group or business activities within the entity 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.

Report on other legal and regulatory requirements

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 with the Parent Company's books. We further report that we obtained the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of association, as amended, have occurred during the year ended 31 March 2022 that might have a material effect on the Parent Company's business or its financial position, except for the fact that the Parent Company directly owns investment properties at KD 1,741,892 (2020: KD 1,722,094) in contravention of the Articles of Association of the Parent Company.

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

Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 8 June 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 KD	2021 KD
Assets:			
Cash on hand and at banks		**673,574**	829,505
Islamic finance receivables	5	**1,003,351**	979,614
Other debit balances	6	**560,203**	2,854,605
Financial assets at fair value through profit or loss	7	**1,706,533**	1,546,921
Financial assets at fair value through other comprehensive income	8	**2,569,845**	2,858,843
Investment properties	9	**5,979,995**	5,943,079
Property and equipment		**44,444**	80,804
Right-of-use assets		**80,108**	140,954
Total assets		**12,618,053**	15,234,325
Liabilities and equity			
Liabilities:			
Islamic finance payables	10	**988,116**	2,586,341
Lease liabilities	11	**88,451**	149,933
Other credit balances	12	**452,034**	434,706
Provision for end of service indemnity	13	**1,000,618**	969,666
Total liabilities		**2,529,219**	4,140,646
Equity:			
Share capital	14	**18,026,680**	18,026,680
Statutory reserve	15	**12,761**	12,761
Share option reserve		**7,510**	7,510
Fair value reserve		**(580,755)**	(499,545)
Foreign currency translation reserve		**57,969**	53,968
Accumulated losses		**(7,440,701)**	(6,514,013)
Equity attributable to Shareholders of the Parent Company		**10,083,464**	11,087,361
Non-controlling interests		**5,370**	6,318
Total equity		**10,088,834**	11,093,679
Total liabilities and equity		**12,618,053**	15,234,325

Samir A. Algharaballi
Chairman

Dakhil Abdullah Al Dakhil
Chief Executive Officer

The accompanying notes on pages 74 to 114 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 KD	2021 KD
Revenue:			
Management and advisory fees		**696,421**	631,424
Net investment income	17	**267,666**	487,117
Rental income		**354,129**	172,534
Change in fair value of investment properties	9	**36,916**	(399,462)
Islamic finance income		**58,130**	41,695
Gain on sale of property and equipment		**-**	3,576
Loss on sale of investment in associates		**-**	(2,611)
Return income		**170**	830
Other income		**135,626**	9,091
		1,549,058	944,194
Expenses:			
General and administrative expenses	18	**(1,903,660)**	(1,837,698)
Staff incentives		**(132,110)**	(124,686)
Property management and maintenance charges		**(143,999)**	(59,933)
Net provision for expected credit losses	19	**(180,385)**	(220,081)
Bad debts		**(25,332)**	(3,557)
Islamic finance costs		**(105,390)**	(188,344)
		(2,490,876)	(2,434,299)
Net loss for the year		**(941,818)**	(1,490,105)
Attributable to:			
Shareholders of the Parent Company's		**(940,903)**	(1,484,581)
Non-controlling interests		**(915)**	(5,524)
Net loss for the year		**(941,818)**	(1,490,105)

The accompanying notes on pages 74 to 114 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	KD	KD
Net loss for the year	**(941,818)**	(1,490,105)
Other comprehensive loss items:		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Foreign exchange differences on translation of foreign operations	**3,968**	(10,772)
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:		
Change in fair value of financial assets at fair value through other comprehensive income	**(66,995)**	(257,790)
Total other comprehensive loss for the year	**(63,027)**	(268,562)
Total comprehensive loss for the year	**(1,004,845)**	(1,758,667)
Attributable to:		
Shareholders of the Parent Company's	**(1,003,897)**	(1,753,143)
Non-controlling interests	**(948)**	(5,524)
Total comprehensive loss for the year	**(1,004,845)**	(1,758,667)

The accompanying notes on pages 74 to 114 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Equity attributable to shareholders of the Parent Company								
	Share capital	Statutory reserve	Share option reserve	Fair value reserve	Foreign currency translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	KD	KD	KD	KD	KD	KD	KD	KD	KD
As at 31 March 2020	18,026,680	12,761	7,510	(256,545)	64,740	(5,116,147)	12,738,999	8,023	12,747,022
Net loss for the year	-	-	-	-	-	(1,484,581)	(1,484,581)	(5,524)	(1,490,105)
Other comprehensive loss for the year	-	-	-	(257,790)	(10,772)	-	(268,562)	-	(268,562)
Total comprehensive loss for the year	-	-	-	(257,790)	(10,772)	(1,484,581)	(1,753,143)	(5,524)	(1,758,667)
Transfer to accumulated losses on sale of financial assets at fair value through other comprehensive income	-	-	-	14,790	-	(14,790)	-	-	-
Non-controlling interests resulted from incorporation of a subsidiary	-	-	-	-	-	-	-	3,819	3,819
Profit from redemption of equity instruments carried at fair value through other comprehensive income	-	-	-	-	-	101,505	101,505	-	101,505
As at 31 March 2021	18,026,680	12,761	7,510	(499,545)	53,968	(6,514,013)	11,087,361	6,318	11,093,679
Net loss for the year	-	-	-	-	-	(940,903)	(940,903)	(915)	(941,818)
Other comprehensive (loss) / income for the year	-	-	-	(66,995)	4,001	-	(62,994)	(33)	(63,027)
Total comprehensive (loss) / income for the year	-	-	-	(66,995)	4,001	(940,903)	(1,003,897)	(948)	(1,004,845)
Transfer to accumulated losses on sale of financial assets at fair value through other comprehensive income	-	-	-	(14,215)	-	14,215	-	-	-
As at 31 March 2022	**18,026,680**	**12,761**	**7,510**	**(580,755)**	**57,969**	**(7,440,701)**	**10,083,464**	**5,370**	**10,088,834**

The accompanying notes on pages 74 to 114 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	KD	KD
Cash flows from operating activities:		
Net loss for the year	**(941,818)**	(1,490,105)
Adjustments:		
Net investment income	**(267,666)**	(487,117)
Change in fair value of investment properties	**(36,916)**	399,462
Islamic finance income	**(58,130)**	(41,695)
Gain on sale of property and equipment	**-**	(3,576)
Loss on sale of investment in associates	**-**	2,611
Return income	**(170)**	(830)
Government grant	**-**	(53,514)
Provision for end of service indemnity no longer required	**(28,545)**	-
Depreciation	**129,868**	114,962
Net loss from foreign exchange	**9,242**	31,222
Finance cost - lease liabilities	**7,660**	9,320
Net provision for expected credit losses	**180,385**	220,081
Bad debts	**25,332**	3,557
Islamic finance costs	**105,390**	188,344
Provision for end of service indemnity	**238,254**	390,614
	(637,114)	(716,664)
Changes in operating assets and liabilities:		
Other debit balances	**654,742**	(835,827)
Other credit balances	**11,721**	93,709
Cash generated from / (used in) operations	**29,349**	(1,458,782)
Government grant received	**-**	53,514
Islamic finance income received	**65,297**	38,551
End of service indemnity paid	**(178,757)**	(5,634)
Net cash used in operating activities	**(84,111)**	(1,372,351)

The accompanying notes on pages 74 to 114 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	KD	KD
Cash flows from investing activities:		
Paid for purchase of financial assets at fair value through profit or loss	**(386,874)**	(1,555,079)
Proceeds on sale of financial assets at fair value through profit or loss	**326,130**	861,059
Paid for purchase of financial assets at fair value through other comprehensive income	**(860,276)**	(756,164)
Proceeds from sale of financial assets at fair value through other comprehensive income	**2,696,055**	1,650,969
Proceeds from sales of investment in associates	**-**	591,930
Paid for purchase of property and equipment	**(14,458)**	(8,529)
Return income received	**170**	830
Dividend income received	**161,032**	214,995
Proceeds from redemption of subsidiary's capital	**25,057**	-
Paid for incorporation of an associate	**-**	(2,150,352)
Net cash generated from / (used in) investing activities	**1,946,836**	(1,150,341)
Cash flows from financing activities:		
Islamic finance receivables	**(229,902)**	-
Islamic finance payables paid	**(3,510,157)**	(2,341,670)
Proceeds from Islamic finance payables	**1,918,804**	2,127,350
Lease liabilities paid	**(85,427)**	(68,952)
Finance costs paid	**(111,974)**	(199,024)
Net cash used in financing activities	**(2,018,656)**	(482,296)
Net decrease in cash on hand and at banks	**(155,931)**	(3,004,988)
Cash on hand and at banks at beginning of the year	**829,505**	3,834,493
Cash on hand and at banks at end of the year	**673,574**	829,505

The accompanying notes on pages 74 to 114 form an integral part of these consolidated financial statements.

1. Incorporation and activity

Rasameel Investment Company - K.S.C. (Closed) (the "Parent Company") is a Kuwaiti Shareholding Closed Company incorporated on 4 January 2006. The Parent Company is regulated by the Central Bank of Kuwait (CBK) as an investment and finance company and is subject to the supervision of Capital Markets Authority of Kuwait ("CMA").

The principal activities of the Parent Company are as follows:

- Carrying out all types of investments in all fields and participating in incorporating companies both inside and outside the State of Kuwait;
- Managing the funds of public and private institutions;
- Dealing in local and international securities;
- Carrying out finance and brokerage activities to invest in various sectors inside and outside the State of Kuwait in accordance with the provisions of the Islamic Sharia; and
- Providing and preparing studies for technical, economic and valuation consultancy.

All activities of the Group are performed according to the instructions of the noble Islamic Sharia'a as approved by the Fatwa and Sharia'a Supervisory Board of the Parent Company.

The Parent Company's office is domiciled at Offices 5 & 6, 3rd Floor, Souq Al Safat, Al Qibla, Kuwait City, P.O. Box 4915, Safat 13050, State of Kuwait.

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on 8 June 2022. They are subject to approval of the annual general assembly meeting of the Parent Company's Shareholders. The Shareholders annual General Assembly of the Parent Company's has the power to amend these consolidated financial statements after issuance.

2. Application of new and revised international financial reporting standards ("IFRSs")

a) New standards, interpretations and amendments effective from 1 January 2021

The accounting policies used in preparation of the consolidated financial statements are consistent with those used in the previous year ended 31 March 2021 except for the changes due to implementation some of the new and amended International Financial Reporting Standards, effective as of 1 April 2021. A number of other amendments are effective from 1 April 2021, but they do not have a material impact on the Group's consolidated financial statements.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to be applied until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 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.

Interest Rate Benchmark Reform - phase 2: amendments to IFRS 9, IAS 39, IFRSs (7), (4), and (16)

The amendments provide temporary reliefs which address the financial statements' effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

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

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

b) Standards and amendments issued but not yet effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been early applied by the Group.

IFRS 17: Insurance Contracts

This standard will be effective for annual periods beginning on or after 1 January 2023 and replaces IFRS 4 - "Insurance Contracts". The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of IFRS 17 is the general model, supplemented by:

- A specific adoption for contracts with direct participation features (Variable fee approach).
- A simplified approach (premium allocation approach) mainly for short duration contracts.

Early application is permitted provided that the Group also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not expected to have any impact on the Group's consolidated financial statements.

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 retroactively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IFRS 3: Reference to the Conceptual Framework

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retroactively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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. It 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 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the Parent

Company, based on the Parent Company's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1.

These amendments will become effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The amendments are not expected to have a material impact on the Group.

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.

These amendments will become effective for annual periods beginning on or after 1 January 2022, with early application 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.

IFRS 16 "Leases": Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

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

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

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

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

3. Significant accounting policies

3.1 Statement of compliance

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and the regulations of the Government of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and Capital Market Authority ("CMA"). These regulations require adoption of all IFRSs as issued by IASB except for the measurement and disclosure requirements of expected credit losses ("ECLs") under IFRS No. (9): Financial Instruments. Provisions for credit losses on credit facilities is the higher of ECLs under IFRS 9, determined in accordance with the CBK guidelines, and the provisions required by the CBK rules on classification of credit facilities and calculation of their provisions, as indicated in the accounting policy for impairment of the financial assets. Summary of significant accounting policies is as follows:

3.2 Basis of preparation

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), the Group's functional and presentation currency, and are prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties, which are recorded at fair value.

The preparation of consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas of significant judgments and estimates made in preparing the consolidated financial statements and their effect are disclosed in (Note 4).

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.3 Bases of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company below and its subsidiaries ("referred to as the Group"):

Name of the subsidiary	Percentage of holding 2022	2021	Country of incorporation	Principal activity
	%	%		
Rasameel Structuring and General Trading Company - L.L.C.	**99**	99	UAE	General trading
Rasameel Investment House Limited	**99**	99	UAE	Consultancy services and investment business
Rasameel International Real Estate Company - K.S.C.C.	**99**	99	State of Kuwait	Investment properties
Yasserha Company for Buying and Selling Shares, Bonds, Lands and Real Estate - W.L.L.	**70**	70	State of Kuwait	General trading and Real Estate investments
Brilliant Starts Company	**90**	90	Cayman Islands	General trading and Real Estate investments

Name of the subsidiary	Percentage of holding 2022	Percentage of holding 2021	Country of incorporation	Principal activity
Blue Ashe Manager Limited	**99.9**	99.9	Jersey	Investment properties
Blue Ash Advisory - L.L.C.	**99.9**	99.9	USA	Investment properties
Bond Hill Manager Limited (a)	**99.9**	-	Cayman Islands	Investment properties
Bond Hill Advisory (a)	**99.9**	-	USA	Investment properties

(a) During the financial year ended 31 March 2022, the Parent Company had acquired ownership in Bond Hill Manager Limited and Bond Hill Advisory to provide management services for investment property generating income.

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 the investee's returns.

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

When the Group holds a percentage less than the majority of voting rights in the investee, it shall have the power over the investee in case of its voting rights have the sufficient practical ability to direct the relevant activities of the investee. In determining the adequacy of the investee voting rights, the Parent Company considers all relevant facts and circumstances, including:

- The Group's voting rights in proportion to distribution of the voting rights attributable to others.
- The potential voting rights held by the Parent Company, holders of other votes or other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicate to the financial ability of the Parent Company to direct the relevant activities when the decision is taken, including the patterns of voting in the previous meetings of shareholders.

The consolidated financial statements include the financial statements of the subsidiaries from the date on which effective control begins until the date on which effective control ceases. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Parent Company gains control until the date when the Parent Company ceases to control over the subsidiary. All intra-company balances and transactions, including the mutual profits and unrealized losses and profits are eliminated in full on consolidation. The consolidated financial statements are prepared using unified accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests of the net assets of the consolidated subsidiaries are stated in a separate item of the Group's equity. Profits or losses and each item of other comprehensive income relating to the Parent Company's Shareholders and non-controlling interests even if this results in recognizing a deficit in the non-controlling interests balance.

Non-controlling interests are measured either at fair value, or at their respective proportionate interest of the acquiree's identifiable assets and liabilities, on a transaction-by-transaction basis.

Changes in a subsidiary's ownership interest that do not result in change in the control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the adjusted balance of the non-controlling interests amount by which the non-controlling and the fair value of the consideration paid or received are recognised directly in equity attributable to the Parent Company's owners. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of non-controlling interests.
- Derecognises the cumulative foreign currencies translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profits or losses.
- Reclassifies the Parent Company's share of the items previously recognised in other comprehensive income to the profit or loss or retained earnings, as appropriate.

3.4 Presenting assets and liabilities in the consolidated statement of financial position

The nature of Group's activity, as an entity established for the purposes of investment, requires classification of assets and liabilities in descending order as per its liquidity in the consolidated statement of financial position, as the management believes that this presentation provides information more relevant and reliable to the Group's activities. This way of presentation of assets and liabilities requires submission of other information about the maturities of all financial assets and liabilities in the notes to the consolidated financial statements. The Group provides this information based on the length of the remaining contractual term as at the financial statements date.

The Group's financial assets mainly include cash on hand and at banks, Islamic finance receivables, other debit balances, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The Group's financial liabilities mainly include other credit balances, lease liabilities and Islamic finance payables.

The amounts expected to be collected for assets or to be paid for the liabilities are presented, at minimum, in notes as assets and liabilities due within one year from the consolidated financial statements date.

3.5 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 these property and equipment have been placed into operation, such as repairs, maintenance and inspection, are normally included in the consolidated 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 capitalised 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 disposed of, their cost and accumulated depreciation are eliminated from the accounts and any profit or loss resulting from their disposal is included in the consolidated statement of profit or loss. The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amount 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 property and equipment items.

The property and equipment items are derecognized when disposed of or when it is not expected to receive any future economic benefits from them.

3.6 Investment properties

Investment properties include current properties, properties under construction or redevelopment held for gaining rentals or increase in the market value or both. Investment properties are initially recognized at cost, which contains purchase price and its related transaction costs. Subsequent to initial recognition, investment properties are recognized at fair value at the financial period end date. Profits or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they arise.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company. The cost 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 derecognised.

Properties under development were stated at their cost less impairment.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Profits or losses arising on the disposal or termination 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, commencement of an operating lease to another party or completion of construction or development. 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 its development for selling purposes.

If a property being used by the owner is transferred to investment property, the Company will account for such property as per the applicable accounting policy for property, plant and equipment up to date of the usage change and transfer.

3.7 Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. The interests, distributions, profits, and losses relating to financial instrument classified as liabilities are included as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial assets and financial liabilities recognised in the consolidated statement of financial position include cash on hand and at banks, Islamic finance receivables, other debit balances, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, Islamic finance payables, lease liabilities and other credit balances.

Financial assets:

Recognition, initial measurement and derecognition

To determine the classification and measurement category of financial assets, IFRS 9 requires assessment of all financial assets, except for equity instruments and derivatives, based on the Group's business model for managing the Group's assets and the contractual cash flows characteristics of these instruments.

The Group determines its business model at the level that best reflects how it manages its financial assets to achieve its business objectives and in order to generate contractual cash flows. Whether the Group's sole objective is to collect the contractual cash flows from the assets or 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 fair value through profit or loss. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Purchases and sales of those financial assets are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the assets. The financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets expire or when the Group transfers its right to receive cash flows from the financial assets in either of the following circumstances:

(a) when all risks and rewards of the financial assets ownership are transferred by the Group; or

(b) when all risks and rewards of the financial assets are not transferred or retained, but the control over the financial assets is transferred. when the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Classification of financial assets

Financial assets are classified in the financial statements into the following categories upon initial recognition:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income.
- Equity instruments at fair value through other comprehensive income.
- Equity instruments at fair value through profit or loss.

Subsequent measurement

Debt instruments at amortized cost

Financial assets are measured at amortised cost if both of the following conditions are met and are not designated at fair value through consolidated profit or loss:

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

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses, if any. Profits and losses are recognized in the consolidated statement of profit or loss when the asset is derecognised, adjusted or impaired.

The financial assets at amortised cost include other debit balances, cash on hand and at banks and Islamic finance receivables.

Trade receivables

Trade receivables are amounts due from customers for sale of goods or leasing units or rendering services in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Debit balances, which are not categorized under any of the above are classified as "other debit balances".

Cash on hand and at banks

This item includes cash on hand and cash at banks. It is exposed to immaterial risks in terms of changes in the value.

Islamic finance receivables

Islamic finance receivables are represented in an agreement under which the Group, under Islamic finance agreement, provides a client with an amount of money to be invested according to specified conditions against yield. The agent is obliged to return the amount in the case of default, negligence or violation of any of the terms and conditions of the Wakala.

Financial Assets carried at fair value through profit or loss

The Group classifies the financial assets as held for trading primarily when purchased or issued in order to achieve short-term profits through trading activities or when they form a part of a financial instruments portfolio that are managed together, there is an evidence for emerging a new pattern to achieve short-term profits. Assets held for trading are recognized and measured at fair value in the consolidated statement of financial position.

Gain or losses on the change in fair value, profits or losses on sale and interest income and dividends are recognized in the consolidated statement of profit or loss under the contract conditions or when the right to receive the profits amount is established.

Equity instruments at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Profits and losses on these equity instruments are never recycled to the 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 other comprehensive income. Equity instruments at fair value through other comprehensive income 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.

The financial assets at FVOCI represent unquoted equity investments.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the statement of 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. Then the difference will be approximately deducted based on the effective interest rate of the asset. 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 other debit balances, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade and business industry.

For Islamic finance receivables, the Group applies 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 debt instrument.

In applying this forward-looking approach, 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 financial statements date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

"12-month expected credit losses" are recognized for the first stage while "lifetime expected credit losses" are recognized for the second stage.

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.

Provision for credit losses in accordance with CBK instructions

The Group is required to calculate credit losses on Islamic finance receivables in accordance with the instructions of CBK on the classification of credit facilities and calculation of provisions. Credit facilities are classified as past due when a payment has not been received on its contractual payment date or if the facility is in excess of pre-approved limits. A credit facility is classified as past due and impaired when the profit or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value. Past due but not impaired and past due and impaired facilities are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions:

Category	Criterion	Specific provisions
Under observation	Irregular for a period of up to 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The Group may also include a credit facility in one of the above categories based on management's judgement of a customer's financial or non-financial circumstances.

In addition to specific provisions, minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities.

Financial liabilities:

All financial liabilities are initially recognised at fair value, and in the case deducting the transactions costs directly related to loans, advances and creditors. All financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost using the effective interest rate method.

Other credit balances

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade credit balances are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. Credit balances 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.

Islamic finance payables:

Islamic finance payables represent the amount payable on a deferred settlement basis for items purchased in accordance with agreements of finance contracts. Islamic finance payables balance is stated at total of the amount payable, net of finance costs related to the future periods. Future finance costs are amortized when matured on a time proportion basis using the effective interest method.

Derecognition of financial liabilities

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. Exchange or modification is treated as derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Offsetting 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 realise the assets and settle the liabilities simultaneously.

3.8 Impairment of non-financial assets

At the consolidated financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, the Group's assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

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 recognised immediately in the consolidated statement of profit or loss.
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 recognised for the asset (cash-generating unit) in prior years. Reversal of impairment losses are recognized immediately in the consolidated statement of profit or loss.

3.9 Equity and reserves

Capital represents the nominal value of shares that have been issued.

Statutory reserve represents the amounts retained from the profits for the year and which were held in those accounts in accordance with the requirements stipulated in the Parent Company's Memorandum of Incorporation and Articles of Association, and the Companies' Law No. 1 of 2016 and its Executive Regulations.

Accumulated losses include loss for the current year and accumulated losses from previous years.

3.10 Dividends to shareholders

The Group recognizes cash and non-cash dividends to the Shareholders of the Parent Company as liabilities when such dividends are finally approved, and when decision on such dividends is no longer at the discretion of the Group. Such dividends are approved when they are agreed upon by the Annual General Assembly of the Parent Company's Shareholders, and value of such dividends is recognized in equity.

When distributing such non-cash dividends, the difference between the carrying value of that liability and the carrying value of the distributed assets is recognized in the consolidated statement of profit or loss.

Dividends approved after the consolidated financial statements date are disclosed as events subsequent to the consolidated statement of financial position date.

3.11 Leases

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liabilities with respect to all lease arrangements in which it is the lessee.

Right-of-use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities, the cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. 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.

3.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in the consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.13 Provisions

Provisions are recognized where the Group has a present legal or probable obligation as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. At the end of each financial period, provisions are reviewed and adjusted to reflect the best current estimate. When the time value of money has material effect, the amount recognized as a provision must be the present value of the expected expenses required to settle the obligation. Provisions for future operating losses are not recognized.

3.14 Provision for end of service indemnity

Provision for staff indemnity is computed based on employees' accumulated periods of service at the consolidated financial position date in accordance with the provision of Kuwait Labour Law for the private sector. 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.

3.15 Social security

Concerning the Kuwaiti national staff, the Group makes subscriptions to the General Organisation for social security being calculated as a percentage of monthly salaries of the employees. The Group's commitment is limited to such amounts of commitments which are recognised as an expense upon satisfaction of the vesting conditions by related staff.

3.16 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 currency are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are carried on a basis of the historical cost and which are dominated in foreign currencies are not retranslated.

Exchange differences arising on the settlement of monetary items, or on the retranslation of monetary items, are included in the consolidated statement of profit or loss for the year. Exchange differences arising on the translation of monetary items at fair value are included in the consolidated statement of profit or loss for the year except for differences arising on retranslation of non-monetary items that were recognized in the consolidated statement of profit or loss which are related directly to them in the consolidated statement of profit or loss. For such non-monetary items, any exchange component of that profit or loss is also recognized directly in the consolidated statement of profit or loss.

The assets and liabilities of the Group's foreign operations are expressed in Kuwaiti Dinar ("KD") using exchange rates prevailing at the consolidated financial statements. Income and expense items are translated into the Group's presentation currency at the average rate over the period of consolidated financial statements.

Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to the consolidated statement of profit or loss and recognized as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign company and translated into KD at the closing rate.

3.17 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but disclosed except when the possibility of an outflow of economic losses is remote.

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

3.18 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group follows a 5-step process:

- Identifying the contract with a customer.
- Identifying the performance obligations.
- Determine the transaction price
- Allocating the transaction price to the performance obligations.
- Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated among the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies method of accounting for the additional costs to obtain the contract and the costs that are directly attributable to the contract execution. The standard also requires comprehensive disclosures.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group shall transfer control of goods or services over time (and not at a point in time) upon fulfillment of any of the following criteria:

- 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 establish an asset that has an alternative usage to the Entity. The Entity has enforceable right in payments against the completed performance to date.

Control shall be transferred at a point in time if any of the criteria required for transferring goods or service is not met over time. The following items should be considered by the Group whether or not control over the assets is transferred:

- The Group shall have immediate right in payments against the asset.
- The customer shall have a legal right in the asset.
- The Group shall transfer the physical possession to the asset.
- The customer shall have the significant risks and benefits of ownership of the asset.
- The customer shall accept the asset.

The Group revenues comprise the following:

Management and advisory fees

Management and advisory fees represent fees earned from providing services over a specific period of time and accrued over that period and includes management fees.

Rental income

Rental income is recognized when earned on a time proportion basis.

Profits from sale of financial assets at fair value through profit or loss

Profits on sale of financial assets are measured by the difference between proceeds from the sale and the carrying amount of the investment at the date of disposal and are recognized at the date of sale.

Income from sale of properties

Income from sale of properties is recognised on an accrual basis, when all the following conditions are met:

- On completion of sale transaction and signing the contracts.
- When investment of the buyer (sale value) is sufficient to indicate his commitment to pay value of the property as at the reporting date.
- Receivables category of the Group shall not be less than the sale in the future.
- When the Group transfer the control to the purchaser.
- If the works required for completing the building can be measured and recorded on an accrual basis easily, or if such works are not significant as for the total value of the contract.

Return income

Return income is recognized on time proportion basis using the effective return rate method.

Dividends income

Dividend income is recognised when the right to receive payments is established.

Other income and expenses

Other income and expenses are recognized on an accrual basis.

3.19 Contribution to Kuwait Foundation for the Advancement of Sciences

The contribution to KFAS is calculated at 1% of profit attributable to the Parent Company's Shareholders before deduction of the contribution to KFAS and Zakat and after excluding the Parent Company's share from profits of Kuwaiti shareholding subsidiaries and the transferred amount to the statuary reserve. Contribution to KFAS is not calculated for the year ended 31 March 2022 as there is no profit, based on which KFAS contribution could be calculated.

3.20 Contribution to Zakat

Zakat is calculated at 1% of the profit attributable to the Parent Company's Shareholders before deduction of contribution to KFAS and Zakat, after excluding the Parent Company's share from profits of Kuwaiti shareholding subsidiaries, and Zakat contribution paid by the Kuwaiti shareholding subsidiaries in accordance with law No. 46 of 2006 and Ministerial Resolution No. 58 of 2007 and its executive rules. Zakat contribution is not calculated for the year ended 31 March 2022 as there is no financial profit, based on which Zakat could be calculated.

4. Significant accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management is required to make judgments, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on the management's pervious experiences and other relevant internal and external factors. Actual results may vary from these estimations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgments

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

Classification of financial instruments

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 amortised cost". IFRS 9 requires assessment of all financial assets - except equity instruments and derivatives - based on the Group's business model for managing the assets and the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets as stated in Note 3.

Revenue recognition

Revenue is recognised 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 the accounting policy of revenue stated in Note 3.18 are met requires significant judgment.

Principal versus agent considerations

The Group enters into contracts to sell goods and render services to its customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group determined that it is a principal in all its contracts with its customers.

- The Group controls the promised goods or services before the Group transfers the goods or services to the customer.
- The Group satisfies the performance obligations by itself and does not engage another party in satisfying its performance obligations in its contracts with customers.

Contingent liabilities

Contingent liabilities are possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Group's management. The Group recognizes provisions for contingent liabilities when the loss therefrom is considered possible and can be reliably measured. In determining whether or not such provisions shall be recognized as well as the related amounts requires the exercise of significant management judgment. The Group uses the principles and criteria established within International Financial Reporting Standards and best practices prevailing within the industry in which it operates in making such judgments.

Provision for expected credit losses

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

Leases

Critical judgments 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial position date, that have a significant risk of causing a material adjustment to the accounts of assets and liabilities within the consolidated financial statements for the next financial year are discussed below:

Impairment of non-financial assets

The Group's management estimates whether there is an indication to impairment of non-financial assets. The recoverable amount of an asset is determined based on "value in use method". In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Useful lives of non-financial assets

The Group reviews the estimated useful lives over which its non-financial assets are depreciated and intangible assets are amortized. The Group's management is satisfied that the estimates of useful lives of these assets are appropriate.

Provision for expected credit losses for other debit balances and Islamic finance receivables

The Group uses a provision matrix to calculate ECLs for other debit balances and Islamic finance receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates.

The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates and expected credit losses is a significant estimate. The Group's historical credit loss experience may also not be representative of customer's actual default in the future.

Valuation of investment properties

The Group records its investment properties at fair value where changes in the fair value are recognized in the consolidated statement of profit or loss.

Three basic methods are used for determining the fair value of the investment properties:

1. Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.
2. Income capitalization: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of return from the property as per market inputs, which is known as capitalization rate.
3. Comparative analysis: which is based on estimations made by an independent real estate assessor by reference to new actual deals done among other parties for similar properties in location and condition and relying on expertise of such independent real estate assessor.

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.

5. Islamic finance receivables

	2022	2021
	KD	KD
Gross amount	**1,854,044**	1,599,998
Less: deferred income	**(211,606)**	(179,451)
	1,642,438	1,420,547
Less: provision for expected credit losses (a)	**(639,087)**	(440,933)
	1,003,351	979,614

Effective return rate on Islamic finance receivables is at a profit rate of 6% (31 March 2021: 5%) per annum.

a) Movement on provision for expected credit losses during the year is as follows:

	2022	2021
	KD	KD
Balance at beginning of the year	**440,933**	219,852
Provision for Islamic finance receivables charged during the year	**480,069**	221,081
Reverse of provision for Islamic finance receivables during the year	**(281,071)**	-
Usage during the year	**(844)**	-
Balance at end of the year	**639,087**	440,933

6. Other debit balances

	2022	2021
	KD	KD
Accrued income	**132,025**	37,426
Balances due from sale of a subsidiary (a)	**-**	700,000
Expenses, advance payments and refundable deposits	**183,673**	76,946
Other	**298,624**	2,112,965
Provision for expected credit losses	**(54,119)**	(72,732)
	560,203	2,854,605

a) During the current year, balance due from sale of a subsidiary with an amount of KD 700,000 was collected. Accordingly, the provision made in the previous years with an amount of KD 72,732 was reversed and recorded in the consolidated statement of profit or loss.

During the year ended 31 March 2022, the Group has recorded provision for expected credit losses with an amount of KD 54,119.

7. Financial assets at fair value through profit or loss

	2022	2021
	KD	KD
Quoted securities	1,706,533	1,546,921
	1,706,533	1,546,921

Movement on financial assets at fair value through profit or loss during the year is as follows:

	2022	2021
	KD	KD
Balance at beginning of the year	1,546,921	580,779
Additions	386,874	1,555,079
Disposals	(315,649)	(746,474)
Change in fair value	88,387	157,537
Balance at end of the year	1,706,533	1,546,921

8. Financial assets at fair value through other comprehensive income

	2022	2021
	KD	KD
Unquoted securities	2,569,845	2,858,843
	2,569,845	2,858,843

9. Investment properties

	2022	2021
	KD	KD
Balance at beginning of the year	5,943,079	6,342,541
Change in fair value	36,916	(399,462)
Balance at end of the year	5,979,995	5,943,079

Classification of investment properties are as follows:

	2022	2021
	KD	KD
Properties under development	40,096	39,907
Completed properties	5,939,899	5,903,172
	5,979,995	5,943,079

Certain investment properties with fair value of KD 2,854,054 (2021: KD 1,722,094) are pledged against Islamic finance payables (Note 10).

Properties under development were stated at cost less impairment as their fair value cannot be reliably measured.

Fair value of investment properties was concluded by independent and approved valuers who has relevant experience and competent professionalism using generally accepted valuation bases and models.

For purposes of estimating the fair value of investment properties, valuer used the below valuation techniques as follows:

		2022	
	Level 2	Level 3	Total
	KD	**KD**	**KD**
Investment properties	**5,872,865**	**107,130**	**5,979,995**
	5,872,865	**107,130**	**5,979,995**

		2021	
	Level 2	Level 3	Total
	KD	KD	KD
Investment properties	5,834,867	108,212	5,943,079
	5,834,867	108,212	5,943,079

10. Islamic finance payables

	2022	2021
	KD	KD
Gross amount	1,298,387	2,851,205
Less: deferred finance cost	(310,271)	(264,864)
	988,116	2,586,341

Islamic finance payables have an average cost rate of 3.99% (2021: 6.75%) per annum and are repayable in equal installments of AED 92,021 (equivalent to: KD 7,615) and the last installment due on 30 May 2036.

Balances of Islamic finance payables with an amount of KD 1,298,387 (2021: KD 1,294,450) are guaranteed by certain investment properties with an amount of KD 2,854,054 (2021: KD 1,722,094) (Note 9).

11. Lease liabilities

	2022	2021
	KD	KD
Lease liabilities	91,936	160,152
Unamortized future finance cost	(3,485)	(10,219)
	88,451	149,933

12. Other credit balances

	2022	2021
	KD	KD
Accrued expenses	140,615	147,911
Accrued staff leaves	251,918	217,964
Rentals received in advance	23,105	9,434
Refundable deposits	14,817	27,558
Other	21,579	31,839
	452,034	434,706

13. Provision for end of service indemnity

	2022	2021
	KD	KD
Balance at beginning of the year	**969,666**	584,686
Charged during the year	**238,254**	390,614
Paid during the year	**(178,757)**	(5,634)
Provision for end of service indemnity no longer required	**(28,545)**	-
Balance at end of the year	**1,000,618**	969,666

14. Share capital

The Parent Company's authorized, issued and fully paid up share capital is KD 18,026,680 divided into 180,266,800 shares each with a nominal value of 100 fils and all shares are in cash.

15. Statutory reserve

In accordance with the requirements of the Companies' Law and the Parent Company's Articles of Association, 10% of the profit for the year before contributions to KFAS and Zakat and board of directors remuneration is to be transferred to the statutory reserve. The Parent Company may resolve to discontinue the annual transfer when the reserve exceeds 50% of the share capital. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of the paid up capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount. Since there is loss for the year, there was no transfer to statutory reserve during the year.

16. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such transfer may be discontinued by a resolution of the Shareholders' General Assembly upon a proposal by the Board of Directors. Since there is loss for the year, there was no transfer to voluntary reserve during the year.

17. Net investment income

	2022	2021
	KD	KD
Unrealized gain from financial assets at fair value through profit or loss	88,387	157,537
Realized gain on sale of financial assets at fair value through profit or loss	10,481	114,585
Dividends income	168,798	214,995
	267,666	487,117

18. General and administrative expenses

	2022	2021
	KD	KD
Staff costs	**1,377,965**	1,391,608
Rents	**8,102**	11,980
Depreciation	**129,868**	114,962
Legal and professional expenses	**122,593**	133,821
Finance cost - lease liabilities	**7,660**	9,320
Other	**257,472**	176,007
	1,903,660	1,837,698

19. Net provision for expected credit losses

	2022	2021
	KD	KD
Provision for expected credit losses of Islamic finance receivables (Note 5)	**480,069**	221,081
Reverse of provision for expected credit losses of Islamic finance receivables (Note 5)	**(281,071)**	-
Provision for expected credit losses of other debit balances (Note 6)	**54,119**	-
Reverse of provision for expected credit losses of other debit balances (Note 6)	**(72,732)**	(1,000)
	180,385	220,081

20. Related party disclosures

The Group entered into various transactions with related parties, i.e. Shareholders, Key Management personnel and certain other related parties. Prices and payment conditions of these transactions are approved by the Group's management. Significant related party transactions and balances are as follows:

Transactions included in consolidated statement of profit or loss:

	2022	2021
	KD	KD
Management and advisory fees	257	298

Key management personnel:

	2022	2021
	KD	KD
Salaries and short-term benefits	396,182	291,904
End of service indemnity	100,853	194,003
	497,035	485,907

21. Financial risk management

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders. The Group's sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets.

In order to maintain or adjust the optimized structure of capital resources, the Group may organize the amount of dividends paid to shareholders, reduce the paid up capital, issue new shares, sell certain assets to reduce debts, and obtain new loans.

The Group monitor share capital based on the gearing ratio to share capital. The ratio is calculated as net debt divided by share capital. Net debts is calculated as total borrowings less cash on hand and at banks. Total capital is calculated as equity, which is shown in the consolidated financial position, plus net debts.

For the purpose of capital risk management, the total share capital consists of the following:

	2022	2021
	KD	KD
Islamic finance payables	988,116	2,586,341
Less: cash on hand and at banks	(673,574)	(829,505)
Net debt	314,542	1,756,836
Equity attributable to Shareholders of the Parent Company	10,083,464	11,087,361
Total share capital	10,398,006	12,844,197
Debt to capital ratio	3.03%	13.68%

Return rate risk

Financial instruments are subject to the risk of changes in value due to changes in levels of return for its financial assets and liabilities that carry floating yield rates. The Group is not exposed to profit rate risk as the Group's assets and liabilities carry profit rates at fixed rates.

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 on hand and at banks, other debit balances, and Islamic finance receivables. Other debit balances and Islamic finance receivables are presented net of ECLs.

Other debit balances

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

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 make an alternative payment arrangement - amongst other - with the Company is considered an indicator of no reasonable expectation of recovery and therefore is considered as credit impaired.

Cash and bank balances

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 at banks is placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit losses impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash on hand and at banks, Islamic finance receivables and other debit balances.

The carrying values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets categories at the consolidated financial statements date was:

	Maximum exposure	
	2022	2021
	KD	KD
Statement of financial position		
Cash on hand and at banks	**673,574**	829,505
Islamic finance receivables	**1,003,351**	979,614
Other debit balances	**560,203**	2,854,605
	2,237,128	4,663,724

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of its customers, along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves, maintaining valid and available credit lines with banks, and matching the maturity profiles of financial assets and liabilities.

The following table shows the analysis of maturities for the assets and liabilities of the Group:

31 March 2022	Within 1 year	More than 1 year	Total
	KD	KD	KD
Assets:			
Cash on hand and at banks	673,574	-	673,574
Islamic finance receivables	534,895	468,456	1,003,351
Other debit balances	513,784	46,419	560,203
Financial assets at fair value through profit or loss	1,706,533	-	1,706,533
Financial assets at fair value through other comprehensive income	-	2,569,845	2,569,845
Investment properties	-	5,979,995	5,979,995
Property and equipment	-	44,444	44,444
Right-of-use assets	64,599	15,509	80,108
Total assets	3,493,385	9,124,668	12,618,053
Liabilities:			
Islamic finance payables	52,357	935,759	988,116
Lease liabilities	65,825	22,626	88,451
Other credit balances	186,308	265,726	452,034
Provision for end of service indemnity	-	1,000,618	1,000,618
Total liabilities	304,490	2,224,729	2,529,219

31 March 2021	Within 1 year	More than 1 year	Total
	KD	KD	KD
Assets:			
Cash on hand and at banks	829,505	-	829,505
Islamic finance receivables	145,304	834,310	979,614
Other debit balances	2,032,780	821,825	2,854,605
Financial assets at fair value through profit or loss	1,546,921	-	1,546,921
Financial assets at fair value through other comprehensive income	-	2,858,843	2,858,843
Investment properties	-	5,943,079	5,943,079
Property and equipment	-	80,804	80,804
Right-of-use assets	62,703	78,251	140,954
Total assets	4,617,213	10,617,112	15,234,325
Liabilities:			
Islamic finance payables	1,673,353	912,988	2,586,341
Lease liabilities	62,219	87,714	149,933
Other credit balances	191,673	243,033	434,706
Provision for end of service indemnity	-	969,666	969,666
Total liabilities	1,927,245	2,213,401	4,140,646

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 major foreign currency exchange rates used by the Group against the Kuwaiti Dinar.

	2022			2021		
	Increase / (decrease) against Kuwaiti Dinar	Impact on profits or losses	Effect on other comprehensive income	Increase / (decrease) against Kuwaiti Dinar	Effect on the consolidated statement of profit or loss	Effect on other comprehensive income
	%	KD	KD	%	KD	KD
GBP	+ 5%	+ 7,340	+ 32,793	+ 5%	+ 69,178	+ 43,783
USD	+ 5%	+ 69,571	+ 40,408	+ 5%	+ 186,418	+ 28,447
SAR	+ 5%	+ 368,692	-	+ 5%	+ 31,793	-
BHD	+ 5%	+ 7,091	+ 12,253	+ 5%	+ 4,809	+ 11,377
QAR	+ 5%	+ 5,234	-	+ 5%	+ 5,735	-
AED	+ 5%	+ 179,160	+ 57,781	+ 5%	+ 263,515	+ 70,644
CAD	+ 5%	+ 1	-	+ 5%	+ 47,968	-

22. Fair value measurement

The Group measures the financial assets, such as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, at fair value at the financial period end date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants as 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.
- 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 and liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

31 March 2022	Level 1	Level 3	Total
	KD	KD	KD
Financial assets at fair value through profit or loss	1,706,533	-	1,706,533
Financial assets at fair value through other comprehensive income	-	2,569,845	2,569,845
Total	1,706,533	2,569,845	4,276,378

31 March 2021	Level 1	Level 3	Total
	KD	KD	KD
Financial assets at fair value through profit or loss	1,546,921	-	1,546,921
Financial assets at fair value through other comprehensive income	-	2,858,843	2,858,843
Total	1,546,921	2,858,843	4,405,764

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

As at 31 March, the fair values of financial instruments approximate their carrying amounts. The management of the Group has assessed that fair value of its financial assets and liabilities, except for excluded items, approximate their carrying amounts largely due to the short-term maturities of these financial instruments.

During the year, there were no transfers between level 1, level 2 and level 3.

23. General Assembly of Shareholders and dividends

The Board of Directors of Parent Company meeting held on 8 June 2022 proposed not to distribute cash dividends, also not to distribute Board of Directors' remuneration for the year ended 31 March 2022. This proposal is subject to the approval of the Shareholders' Annual General Assembly of the Parent Company.

The Shareholders' Annual General Assembly meeting of the Parent Company held on 29 August 2021 has approved the financial statements for the year ended 31 March 2021 and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 March 2021.

24. Fiduciary assets

The Group manages portfolios on behalf of customers, which are not included in the consolidated statement of financial position. The aggregate value of assets held in a fiduciary capacity by the Group as at 31 March 2022 amounted to KD 17,476,071 (31 March 2021: KD 21,916,005). Fiduciary assets include an amount of KD 69,240 (31 March 2021: KD 77,838) attributable to related parties.

25. Comparative figures

Certain comparative figures for the year ended 31 March 2021 have been reclassified to conform with the current year classification. Such reclassification process did not result in any impact on net loss for the year or equity.