Greenstone Kuwait Investment Advisors
K.S.C.C.
State of Kuwait

Financial Statements and Independent Auditor's Report
For the financial period from 25 July 2018
(Date of Registration in the Commercial Register)
To 31 December 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Greenstone Kuwait Investment Advisors K.S.C.C.
State of Kuwait
Report on the audit of financial statements

Opinion

We have audited the accompanying financial statements of Greenstone Kuwait Investment Advisors K.S.C.C. ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial period from 25 July 2018 (Date of registration in the Commercial Register) to 31 December 2019 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and cash flows for the financial period from 25 July 2018 (Date of registration in the Commercial Register) to 31 December 2019 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material uncertainty related to subsequent events

We draw attention to Note No. (18) to the financial statements, which indicates that due to business interruptions as a result of the precautionary measures taken by the government of the State of Kuwait due to the outbreak of the Corona Virus Epidemic (COVID-19) globally and locally, there may be a negative impact on the results of the Company's operations, financial position and cashflows in 2020. The said business interruption reflects the material uncertainty of the future impact of the business interruption on the Company's position, which may cast doubt on the Company's ability to fulfill its obligations. Our opinion of the financial statements is not modified in respect of this material uncertainty.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance to whether the 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, could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 the one resulting from error, as fraud may involve collusion, forgery, negligence, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies in place and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the financial statements incorporate all information that is required by the Commercial Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Company's Memorandum of Incorporation, as amended, to the best of our knowledge and belief, no violations of the Commercial Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Company's Memorandum of Incorporation, as amended, have occurred during the financial period ended 31 December 2019 that might have had a material effect on the business of the Company or on its financial position.

Mohammed Hamed Al-Sultan
Auditor - License No. 100 A
Mohammed Al-Sultan and Partners
Independent Member of Baker Tilly International

State of Kuwait, July 15, 2020

Greenstone Kuwait Investment Advisors K.S.C.C.
State of Kuwait

Statement of financial position as of 31 December 2019

(All amounts are in Kuwaiti Dinar)

	Note	2019
Assets		
Current Assets		
Cash at bank		**169**
Other receivables	5	**2,250**
Due from related parties	12	**106,346**
Total current assets		**108,765**
Total assets		**108,765**
Liabilities and equity		
Current liabilities		
Other payables	6	**7,068**
Total current liabilities		**7,068**
Non-current liabilities		
Provision for end of service benefits	7	**109**
Total non-current liabilities		**109**
Total liabilities		**7,177**
Equity		
Capital	8	**100,000**
Statutory reserve	9	**162**
Retained earnings		**1,426**
Total equity		**101,588**
Total liabilities and equity		**108,765**

Alex Emre Gemici
Chairman of the Board of Directors

Kuwait City
Kuwait

Statement of Profit or Loss and Other Comprehensive Income for the financial period from 25 July 2018 (Date of Registration in the Commercial Register) to 31 December 2019.

(All amounts are in Kuwaiti Dinar)

	Note	For the period from 25 July 2018 to 31 December 2019
Other Income		**34,031**
General and administrative expenses	11	**(32,411)**
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), and Zakat.		**1,620**
Contribution to KFAS		**(15)**
Zakat		**(17)**
Net profit for the period		**1,588**
Other comprehensive income		
Other comprehensive income for the period		**-**
Total comprehensive income for the period		**1,588**

Statement of changes in equity for the financial period from 25 July 2018 (Date of Registration in the Commercial Register) to 31 December 2019.

(All amounts are in Kuwaiti Dinar)

	Capital	Statutory reserve	Retained earnings	Total
Paid up Capital	100,000	-	-	100,000
Total comprehensive income for the period	-	-	1,588	1,588
Transfers to reserves	-	159	(159)	-
Balance at 31 December 2019	**100,000**	**159**	**1,429**	**101,588**

Statement of cash flows for the financial period from 25 July 2018 (Date of Registration in the Commercial Register) to 31 December 2019.
(All amounts are in Kuwaiti Dinar)

	For the period from 25 July 2018 to 31 December 2019
Cash flows from operating activities:	
Net profit for the period	**1,588**
Adjustments for:	
Provision for end of service benefits	**109**
	1,697
Changes in operating assets and liabilities:	
Other receivables	**(2,250)**
Other payables	**7,068**
Due from related parties	**(106,346)**
Net cash (used in) operating activities	**(99,831)**
Cash flows from financing activities:	
Proceeds from issue of share capital	**100,000**
Net cash generated from financing activities	**100,000**
increase in cash at bank	
Cash at bank at beginning of the period	**-**
Cash at bank at end of the period	**169**

1. Incorporation and activities

Greenstone Kuwait Investment Advisors K.S.C. (Closed)) is a Kuwaiti (closed) shareholding company registered in the State of Kuwait, and was incorporated based on Memorandum of Incorporation under Ref. No. 2507 / Volume 1 dated 03 July 2018.

The main activities of the Company are as follows: Investment Advisor.

The Company is regulated by Capital Markets Authority ("CMA") as an Investment Advisory company based on license No AP/ 2019/ 0008 Dated September 5, 2019.

The address of the Company's registered Mirqab Block 3 Building B8+ A8, State of Kuwait.

As of December 31, 2019, the Company has 2 employees.

The financial statements were authorized for issue by the Company's Board of Directors on July 15, 2020 and are subject to the approval of the General Assembly of the Company's shareholders. The Annual General Assembly of the Company's Shareholders' has the power to amend these financial statements after issuance.

2. Basis of preparation

The financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Company and are prepared under the historical cost basis.

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

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Company's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 4.

2.1 Application of new and revised International Financial Reporting Standards

New and revised International Financial Reporting Standards, which became effective for the current period

The Company has adopted the new and amended standards and interpretations that became effective in the current period. The adoption of these standards and interpretations has no material impact on the financial statements of the Company, except as mentioned below:

IFRS 16 "Leases"

The Company has adopted IFRS 16 issued in January 2016 with a date of initial application of 1 January 2019. IFRS 16 replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company, as a lessee, has adopted the following accounting policy in respect of its leases:

At inception of a contract, the Company assesses whether the contract is a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. If the contract is identified as a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Impact on adoption of IFRS 16

There is no impact of adoption of IFRS 16 on the financial information.

New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.	1 January 2020

Definition of *a* Business — Amendments to IFRS 3 *Business Combinations* The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Company of similar assets.	1 January 2020
Amendments to References to the Conceptual Framework in IFRSs - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework	1 January 2020
IFRS 7 Financial Instruments: Disclosures and IFRS 9 - Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
Amendments to IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. Financial instruments

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

Financial instruments are classified as liabilities or equity according to the substance of the contractual agreement.

Financial assets and financial liabilities recognized in the statement of financial position include cash at bank, accounts receivable, due from/ to related parties and accounts payable.

Classification of financial assets

Business model assessment

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

Initial recognition

Purchases and sales of those financial assets are recognized on trade-date – the date on which the Company commits to purchase or sell the asset / settlement date – the date on which an asset is delivered to or by the Company. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVPL.

Derecognition

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

Measurement categories of financial assets

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity, loans and receivables) have been replaced by:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVPL

Debt instruments at amortized cost

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

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

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

Cash and cash equivalents, trade receivables, due from related parties and other assets are classified as debt instruments at amortized cost.

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Contract assets and trade and other receivables, the Company has applied the Standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Company does not track changes in credit risk and assesses impairment on a collective basis.

The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable

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

Impairment of financial assets (Cont'd)

In applying this forward-looking approach, the Company applies a three stage assessment to measuring ECL as follows:

- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk and
- Stage 2 (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low
- 'Stage 3' (credit impaired) - financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

'12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stage 2.

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 the statement of profit or loss and other comprehensive income. For debt instruments at FVOCI, the loss allowance is charged to statement of profit or loss and is recognized in the statement of profit or loss and other comprehensive income.

Financial liabilities

The accounting method for financial liabilities remains largely the same as in accordance with IAS 39, except for the treatment of gains or losses arising from the Company's credit risk relating to liabilities classified at fair value through profit or loss. Such changes are presented in other comprehensive income without subsequent reclassification of the statement of profit or loss and other comprehensive income.

- **Accounts payable**

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

- **Borrowings**

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

- **Borrowings (Cont'd)**

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

Provision for end of service benefits

The Company is liable, under labour law, to make payments to employees for post-employment benefits through a defined benefit plan. Such payment is made on a lump sum basis at the end of an employee's service. This liability is unfunded and has been computed as the amount payable as a result of involuntary termination of employees on the statement of financial position date. The Company estimates that this method will give a reliable approximation of the value of this obligation.

Revenue recognition

IFRS 15 defines revenue as "income arising in the course of an entity's ordinary activities" and establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The five steps in the model are as follows:

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

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 the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Revenue recognition (Cont'd)

Before adopting IFRS 15, the recognized revenue at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities net of discount, returns and volume rebates. The Company recognized revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Under IFRS 15, revenue is recognized either at a point in time or over time, when (or as) the satisfies performance obligations by transferring the promised goods or services to its customers. The transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

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

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

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

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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

Revenue for the Company arises from the following activities:

- **Rendering of services**

  Revenue from service contracts is recognized when the service is rendered. The Company enters into fixed price Aviation services. Customers are required to pay in advance for each twelve-month service period and the relevant payment due dates are specified in each contract. Revenue is recognized over time based on the ratio between the number of hours of maintenance services provided in the current period and the total number of such hours expected to be provided under each contract.

- **Commission**

  When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Company or Commission on brokerage services are recognized as the service is provided.

- **Other income**

  Other income is recognized on an accrual basis.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at the respective functional currency based on the exchange rates prevailing at the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rates prevailing at the statement of financial position date. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss and other comprehensive income.

Contingencies

Contingent liabilities are not recognised in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

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

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit of the Company before contribution to KFAS, National Labour Support Tax, Zakat, and Board of Directors' remuneration, and after deducting transfer to statutory reserve, and any accumulated losses.

Zakat

Zakat is calculated at 1% of the profit of the Company before contribution to KFAS, and Zakat, and after deducting the Company's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations.

4. Critical accounting judgments, estimates and assumptions

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

i. Judgments

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

a) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in the respect note.

b) Provision for doubtful debts

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

ii. Estimates and assumptions

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

- *Provision for doubtful debts*

  The extent of provision for doubtful debts involves estimation process. Provision for doubtful debts is based on a forward looking ECL approach .Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable are subject to management approval.

- *Leases*

  Determining the lease term of contracts with renewal and termination options - Company as lessee

  The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

  Discounting of lease payments

  The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). At initial adoption of IFRS 16 "Leases", the Management has applied judgments and estimates to determine the incremental borrowing rate.

5. Other receivables

	2019
Refundable deposits	**1,500**
Prepaid expenses	**750**
	2,250

6. Other payables

	2019
Staff payables	**2,267**
Accrued expenses	**4,552**
Accrued staff leave	**217**
Zakat Payable	**15**
KFAS Payable	**17**
	7,068

7. Provision for end of service benefits

	2019
Opening balance	-
Charge for the year	109
Closing balance	109

8. Capital

Authorized, issued and paid up capital consists of 1,000,000 shares of 100 fils each and all shares are in cash.

The capital is determined by an amount of KD 100,000 distributed among 1,000,000 shares of 100 fils each. All shares are in cash.

9. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

10. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year of the Company before contribution to KFAS, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. As per the decision of the Board of Directors meeting held on 1 July 2020. the board recommended to Shareholders' General Assembly not to transfer to voluntary reserve.

11. General and administrative expenses

	2019
Salaries, Wages and other benefits	5,050
Establishment expenses	9,367
Rent	12,876
Professional Fees	4,726
Other	392
	32,411

12. Related party transactions

The Company has entered into various transactions with related parties, i.e., entities under common control and other related parties. Prices and terms of payment approved by the Company's management. Significant related party transactions and balances are as follows:

	2019
Due from related party	**106,346**

13. Proposed dividends

The Board of Directors' meeting held on 1 July 2020 recommended not to distribute cash dividends for the period ended December 31, 2019. This recommendation is subject to the approval of the Shareholders' Annual General Assembly.

14. Financial risk management

In the normal course of business, the parent company uses primary financial instruments such as cash at bank, due from / to related parties, accounts receivables and payables, and as a result, it is exposed to the risks indicated below.

a) 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 Company incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Company may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Company 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 Company is not currently exposed significantly to such risk.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have such financial instruments. Accordingly, the Company is not exposed to such risk.

c) 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 Company to credit risk, consist principally of cash at banks, fixed and short-term bank deposits, bonds, and participation in loans, receivables and due from related parties. The Company's cash is placed with high credit rating financial institutions. Further, bonds are issued by financial institutions with high credit rating. In addition, the related parties have strong solvency.

Receivables are presented net of allowance for doubtful debts. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries. The Company is not currently exposed significantly to such risk.

d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

15. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its partners and to maintain an optimal capital structure to reduce the costs of capital.

In order to maintain or adjust the optimal capital structure, the Company adjusts the cash dividends paid to the Partners, reduces the paid-up capital, issues new shares, sells assets to reduce its debts, repays loans or obtains new loans.

16. Fair value of financial instruments

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

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

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

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

17. Company's first fiscal year

According to clause No. (07) of the Article of Incorporation of the Company, the fiscal year for the company is starting from January 1st and ending on December 31st from each year, except for the first year which would commence from the (date of company's registration in the commercial registry) and ends on the subsequent year. The first fiscal year for the company is for the period from 25 July 2018 (date of company's registration in the commercial registry) till December 31, 2019. These financial statements are the first audited financial statements for the company.

18. Subsequent events

In light of the emergence of the Corona virus (COVID-19) in the People's Republic of China and its spread at a later stage in a number of countries in the world, the World Health Organization has announced a global epidemic classification, and in light of its spread at the level of the continents of the world, the World Health Organization has declared it to be classified as from an epidemic to a pandemic. This has made the world's governments close their borders, suspend their operations, and apply curfew within their borders.

In the State of Kuwait, a number of legislations were issued as part of the precautionary measures to combat the aforementioned pandemic, as outlined below:

- On 25 February 2020, all flights from certain countries were suspended. Subsequently, the suspension was extended to cover all air traffic in the State of Kuwait on 12 March 2020 until the date of this report.
- On 10 March 2020, the government started imposing a moratorium on certain commercial activities, leading to the implementation of a partial curfew from 22 March 2020 to the date of this report.
- On 11 March 2020, The Council of Ministers announced the suspension of government and private entities for a period of two weeks, and then it was extended until 21 June 2020.

As a result of these precautionary measures, the business has been suspended either totally or partially, depending on the business sector and according to the requirements of controlling the pandemic.

At this point in time, the extent of the disruption on the Company's operation is uncertain and is difficult to estimate. Management is actively assessing the situation and will take necessary mitigating action to minimize the impact on Company's operation, financial position and liquidity.

The management of the Parent Company confirms that there is no impact from the said business interruption on the financial statements for the year ended 31 December 2019.