البحرين الأولى
First Bahrain

Continuous Achievement

Annual Report 2021

His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah

Amir of the State of Kuwait

His Highness
Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah

Crown Prince of the State of Kuwait

His Majesty
King Hamad bin Isa Al Khalifa

King of the Kingdom of Bahrain

His Royal Highness
Prince Salman bin Hamad Al Khalifa

The Crown Prince and Deputy Supreme Commander and Prime Minister of the Kingdom of Bahrain

Kuwait Office City Tower, 2nd Floor,Khaled Ibn Al Waleed St., Sharq. PO Box 64679, Shuwaikh (B) 70457, State of Kuwait
T (+965) 22414902 F (+965) 22414903 E info@firstbahrain.com

Bahrain Office Suite 31 Building 3147, Road 4653 Manama Sea Front 346 Kingdom of Bahrain
T (+973) 17567555 F (+973) 17567556 E info@firstbahrain.com

www.firstbahrain.com
FirstBahrain
First-Bahrain-Real-Estate-Development-Co.

www.majaal.com
MajaalWarehouseCo
MajaalWarehouse
Majaal-Warehouse-Co.

www.elmercadojanabiya.com
www.elmercadovillage.com
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www.elbalconmall.com
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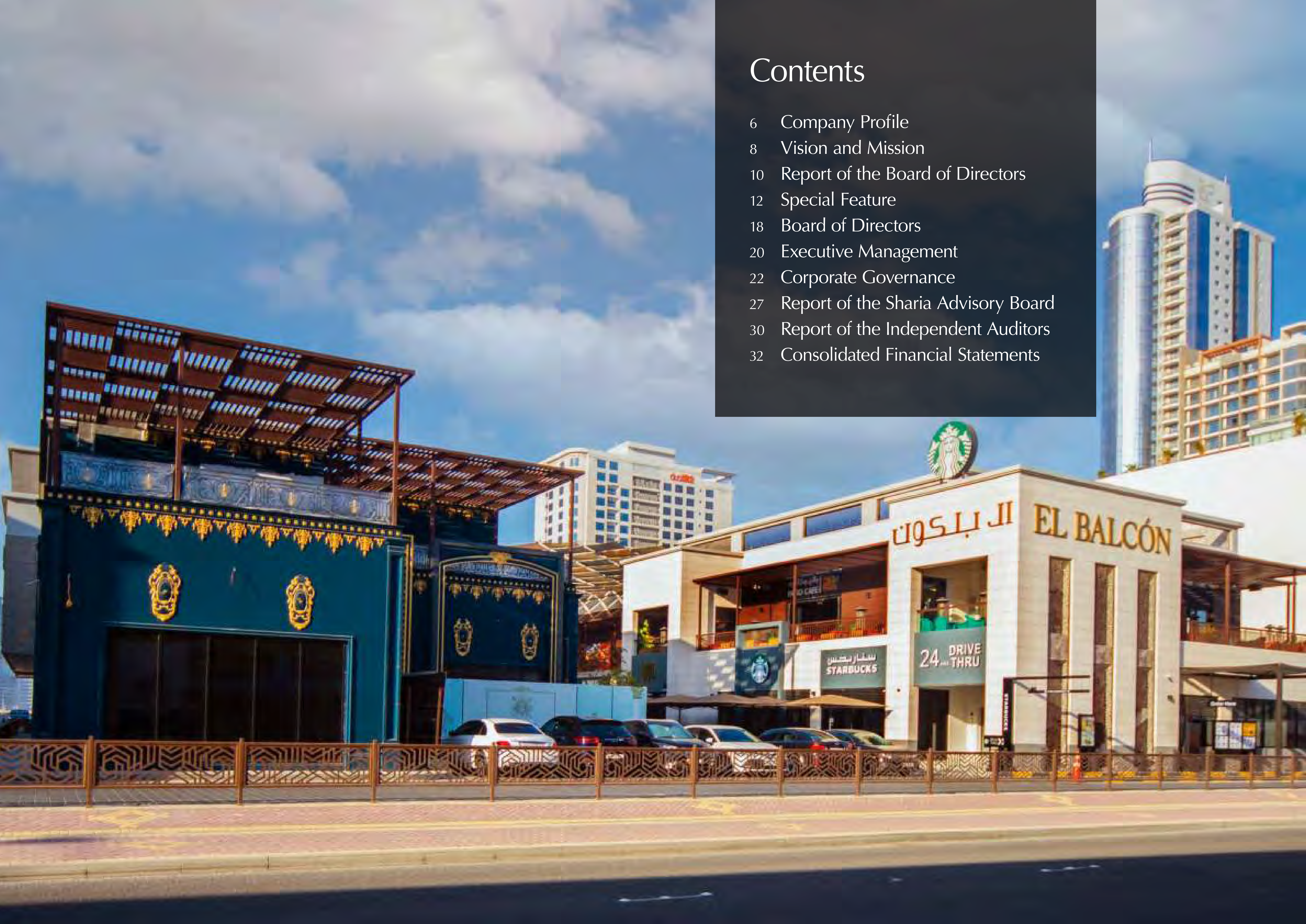

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Company Profile

First Bahrain Real Estate Development Co. K.S.C. (First Bahrain) is an innovative real estate investment company, dedicated to achieving sustainable returns through collaborative relationships. First Bahrain creates enduring value for all stakeholders with a demand-driven investment approach. Operating out of offices in Kuwait and Bahrain, the Company is strategically positioned to execute projects across the GCC.

Established in October 2004 in Kuwait as Baraq Al Khaleej Holding Company, with a paid-up capital of KD 1 million, the corporate name was later changed to First Bahrain Real Estate Development Company, and the paid-up capital was increased. In 2007, First Bahrain opened an office in the Kingdom of Bahrain. Since inception, the Company has been guided by the principles of Islamic Sharia in all its daily operations and business interests.

The principal shareholders of First Bahrain are leading regional institutions and high-profile real estate investors, including KAMCO, Action Group Holdings Co., Wafra International Investments Co., Yaqoob Yusuf Aljouan, and Esterad Investment Co..

First Bahrain owns or holds rights to over 90,000 square meters of strategically located lands in the Kingdom of Bahrain.

The Company's first project, Majaal, is a flexible-use industrial facility designed to support Small-to-Medium sized Enterprises (SMEs). The facility is located at the Bahrain Investment Wharf (BIW), within Salman Industrial City, near to both the new Khalifa bin Salman Port and the Bahrain International Airport. Comprised of seven buildings developed between 2009 and 2014, the complex is home to over 30 businesses representing a range of activities from FMCG distributors to small manufacturers.

The Company initiated a mixed-use development in Janabiya in 2015, completing the commercial phase in early 2016. El Mercado Mall, a neighbourhood market with an upscale outdoor experience, has identified a niche market within its catchment area, providing food and beverage, services and a high-end grocer as the anchor. A residential community featuring 42 stand-alone and semi-detached homes was delivered to initial off-plan buyers in 2018. El Mercado Village is now a thriving community with 86% of the units either occupied or transferred to homeowners by year end.

El Balcón Mall, the Company's latest development in the Manama Sea Front, began operations with the opening of its anchor, Starbucks, featuring a drive thru window, in December 2020. By year end, the units were 90% leased with a mix of restaurants, cafes, salons, and a dental and dermatolgy clinic.

Work on the adjacent building, which will house Bahrain's first Jarir Bookstore, one of the strongest home-grown brands from Saudi Arabia, was completed during 2021 and delivered to the tenant for fit outs. Jarir Bookstore is expected to begin operations during mid-2022.

With the addition of these commercial developments to its diversified portfolio, the Company's multiple revenue streams from industrial, commercial, and residential sectors, are providing dependable cash returns. Optimistic that it has endured the worst of the global pandemic, the Company is well positioned to benefit from an economy in rebound, fuelled by higher oil prices.

Marked by entrepreneurial leadership, commitment and integrity, First Bahrain is actively putting its potential to work for benefit of all its stakeholders.

Our Vision

Our vision is to realise value potential.

Our Values

Our values drive our behaviour. First Bahrain's four core values flow from who we are as people and shape who we are as a Company, enabling us to achieve our vision and mission. These values are also in rank order. If there is any conflict between two values, we choose conduct in line with the higher value.

Our Mission

With entrepreneurial vision and innovation, First Bahrain exists to initiate and orchestrate real estate developments which bring enduring value and sustainable prosperity to both our communities and to our shareholders, through partnerships and investments made in accordance with the principles of Sharia.

Integrity

We are passionate and committed to our principles. Driven by Islamic values, we stand by our corporate social responsibilities. Our expertise and dedication enables us to transcend traditional ideas, and offer clients inspired and meaningful solutions.

Partnership

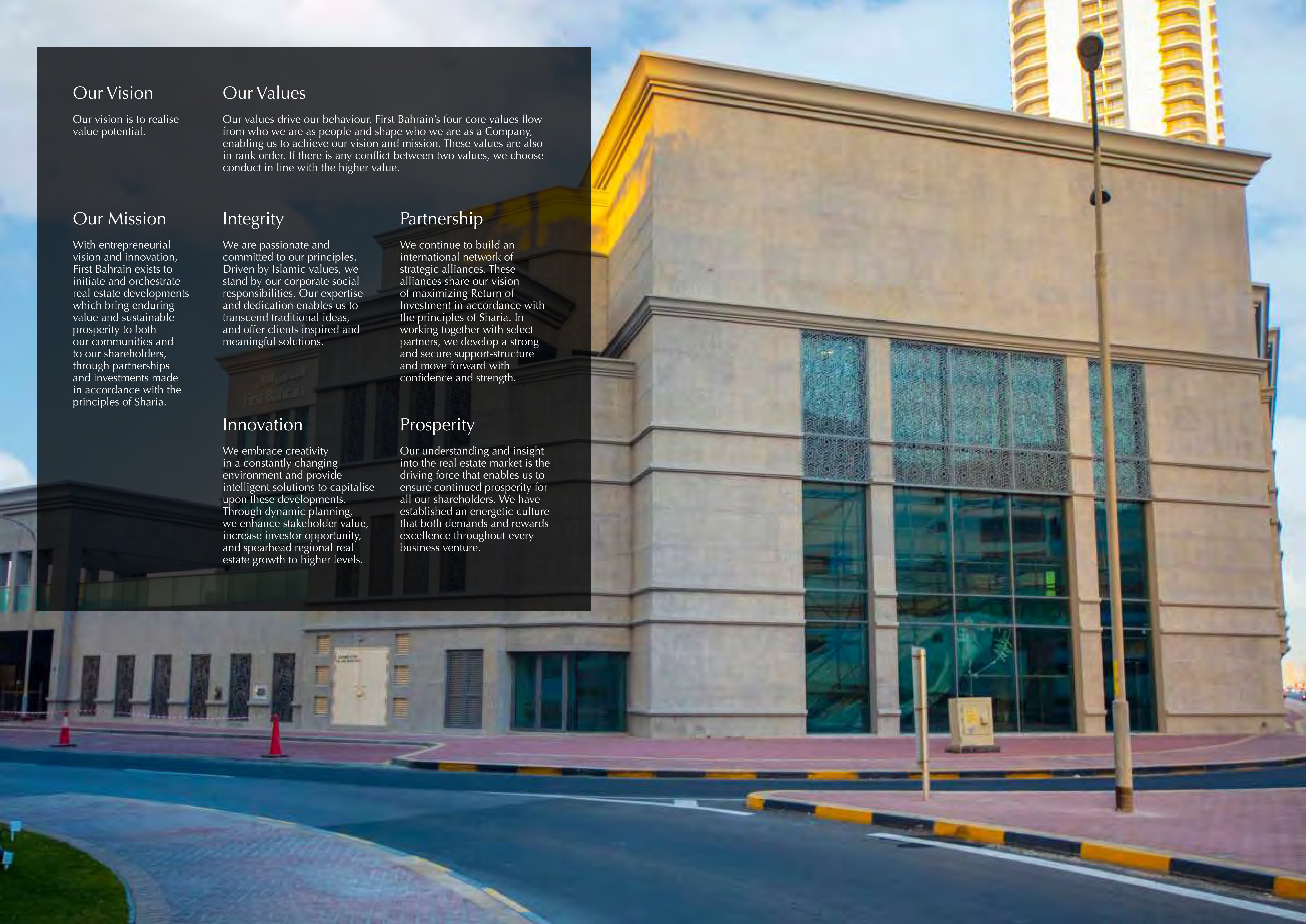
We continue to build an international network of strategic alliances. These alliances share our vision of maximizing Return of Investment in accordance with the principles of Sharia. In working together with select partners, we develop a strong and secure support-structure and move forward with confidence and strength.

Innovation

We embrace creativity in a constantly changing environment and provide intelligent solutions to capitalise upon these developments. Through dynamic planning, we enhance stakeholder value, increase investor opportunity, and spearhead regional real estate growth to higher levels.

Prosperity

Our understanding and insight into the real estate market is the driving force that enables us to ensure continued prosperity for all our shareholders. We have established an energetic culture that both demands and rewards excellence throughout every business venture.



Report of the Board of Directors

On behalf of the Board of Directors, we hereby deliver to you this Annual Report along with the enclosed Consolidated Financial Statements for the year ended 31 December 2021.

For the second year in a row, we successfully delivered a retail project with the handover of the first Jarir Bookstore in the Kingdom of Bahrain. This build-to-suit project is now in fit-out with an expected opening mid 2022. The project is adjacent to the El Balcón Mall, which began operations in December 2020 with the opening of its anchor, Starbucks, with 24/7 drive thru service. Throughout the year, the mall came to life as 90% of the units were leased and 63% are now open and operating. The two-storey property, built around an open-air courtyard, features food and beverage outlets and a range of services including a dermatology and dental clinic along with men's and ladies' salons. The risks associated with developing and leasing a new project have been successfully managed and we are moving into a new season of rental income growth.

The company also marked a major milestone, moving into its own corporate offices located on the roof of the Jarir Bookstore building, from which the management is present and able to lead and direct current and future developments.

Reviewing our financial performance for 2021, I am pleased to report that despite the ongoing difficulties of the global COVID-19 pandemic, the company achieved an operating profit before the consideration of the value of the investment properties, which suffered 2.3% reduction related to occupancy levels and downward pressures on rents associated with the pandemic. The resulting change in fair value of the investment property portfolio of KD (669,518) (2020: KD 590,190) led to a net loss for the year of KD (586,230) (2020: KD 871,622). While property values have shown some volatility in the current market, it is clear to see that the company's plans to diversify its holdings and convert its dormant lands into income generating assets is delivering value to our stakeholders and moving the company towards reliable and sustainable cash distributions.

Net rental income grew by 12.6% during the year reaching KD 1,307,912 (2020: KD 1,161,075). The sale of five homes in inventory provided gross revenue of KD 711,717 (2020: KD 837,045) which supported our cash position. Overall gross profit increased by 9.6% to KD 1,347,278 (2020: KD 1,231,737). On the expense side, general and administrative expenses were reduced by 17.6% to KD (613,936) (2020: KD (745,148)) and provisions for estimated credit losses were cut by 92.6% to KD (8,395) (2020: KD (114,072)) as improvement in the condition of tenant businesses was demonstrated through positive cash flows. Deducting the change in fair value, the operating profit for the year was KD 70,901 (2020: KD 1,019,174). Finance costs for the year rose to expected levels of KD 708,965 (2020: KD 189,432) after government mandated loan deferrals in the prior year drastically reduced the cost of existing debt during the pandemic.

Regarding the assets on the balance sheet, the value of the investment property rose to KD 27,944,892 (2020: KD 27,813,284) despite the fair value adjustment, as the company invested in the completion of the Jarir Bookstore building and the El Balcón Mall. The value of villas for sale in inventory, classified as developing properties, reduced by 35.5% to KD 1,212,324 (2020: KD 1,879,026) with the home sales. At year end, 9 homes remained in inventory (2020: 14). The liquidity position of the company remained strong with cash and deposits totalling KD 2,283,539 (2020: KD 2,916,382) with a current ratio of 2.7 (2020: 5.2).

Within the liabilities, the Islamic finance payable grew by 3% to KD 8,610,876 (2020: KD 8,359,733) with the full utilization of the KD 2,400,000 construction finance facility from Khaleeji Commercial Bank, to whom we express thanks for their strong support throughout the pandemic. The full disbursement of the construction line highlights the strength of our banking relationships and market confidence in our ability to continue the self-funding of our projects, creating new streams of revenue even during difficult times. The growth in trade payables reflects construction retention payments related to the new projects and the gearing ratio is 27% (2020: 24%), a very manageable amount of leverage, well within all bank covenants.

The Board of Directors recommends extinguishing the accumulated losses from the equity. They also recommend a 3% cash distribution through capital reduction in demonstration of our commitment to provide a consistent and reliable return to our shareholders.

Looking forward, we continue to pursue our goal of converting all our assets into active generators of revenue for the shareholders. The Company will continue exploring means to realize cash exits from existing income generating properties to create liquidity for further expansion and dividends. Wherever the Company invests, it will make sure we are delivering value and contributing to the local community.

Acknowledgments

We extend our best wishes to H.H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, as the Amir of the State of Kuwait, and to H.H. Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah, the Crown Prince of the State of Kuwait, as they collectively lead the nation. The State of Kuwait benefits from their wise guidance and selfless dedication to duty, serving as an example to us all.

In like manner, we are grateful for the faithful and well-considered leadership of H.M. the King Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain, H.R.H., Salman bin Hamad Al Khalifa, The Crown Prince, Deputy Supreme Commander, and Prime Minister of the Kingdom of Bahrain. We continue to be deeply appreciative of Shaikh Salman for his bold, hands-on, and tireless leadership through the COVID-19 crisis. We are privileged to be operating within the framework of his leadership and we are working to deliver enduring and sustainable value to the nation.

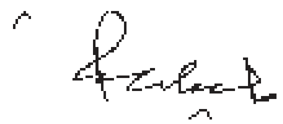
Furthermore, we express appreciation to all governmental ministries, supervisory bodies, and regulatory authorities of both countries, for their constructive support and wise guidance, particularly during this difficult season.

To our management and staff, I honour your faithful and professional service throughout the pandemic, maintaining our operations while working from home and then bravely shifting back to in person work with the inauguration of our new office in Q4, adapting to changing requirements and achieving your targets. I am proud of all of you. As we go forward, I commend each of you to renew your commitment to meet the challenges that are before us. Together, we will steward the resources of the company, and deliver real value to all our stakeholders.

And finally, to our shareholders, we are committed to delivering to you consistent and reliable distributions from the profits of the company. While we are not always able to control the fluctuations of fair market values, we are building multiple stable and diversified income streams which will help ensure we are able to deliver value and cash dividends to you regularly.

May Almighty Allah grant us all health, security, and sustainable prosperity.

Waleed Ahmed Alkhaja
Chairman



Waleed Ahmed Alkhaja
Chairman

Diversified and Growing Portfolio

COMMERCIAL SECTOR 50%

Jarir Bookstore

Jarir Bookstore is one of the strongest brands in the Kingdom of Saudi Arabia. This new big box retail project was custom designed to meet the needs of the client who are making their first entry into the Bahrain market after successful expansions into Kuwait and other GCC countries. The project is now in the fit-out stage with operations expected to commence mid 2022.

Location:
Building 3147, Road 4653
Manama Sea Front 346 Kingdom of Bahrain

Value:
KD 4.8 million

Total Occupancy at 31 Decembe:
96.5%

Leasable Area:
4,987 square meters

Start of Construction:
Q2 2020

Completion:
Q3 2021

El Balcón Mall

The retail centre is designed to provide a mix of casual dining restaurants, cafés, shopping, and services featuring terraced views and outdoor seating. The mall is anchored by a Starbucks with 24/7 operations and Drive Thru facilities.

The two-storey property is built around an open courtyard with 90% of the units leased and 63% open and operational by year-end.

Location:
Building 3214, Road 4654
Manama Sea Front 346 Kingdom of Bahrain

Value:
KD 5.9 million

Total Occupancy at 31 December:
90.0%

Leasable Area:
4,068 square meters

Start of Construction:
Q1 2019

Completion:
Q4 2020

Commencement of Operations::
Q4 2020

El Mercado Mall

El Mercado Mall is a neighbourhood retail centre designed to provide a mix of casual dining restaurants, cafés, shopping, and services supported by an anchor supermarket. The facility has a covered car park area at ground level. The majority of the shops are on an elevated, landscaped open air platform cooled with shading and water features. A digital marketing screen was installed in 2021, adding a new revenue stream to the property.

Location:
Building 108, Avenue 79
Janabiya, 575 Kingdom of Bahrain

Value:
KD 4.1 million

Total Occupancy at 31 December:
88.4%

Leasable Area:
4,569 square meters

Start of Construction:
Q2 2015

Date of Completion:
Q2 2016

Commencement of Operations::
Q3 2016

RESIDENTIAL SECTOR 4%

El Mercado Village – 42-Villa Residential Development

El Mercado Village was designed in a Spanish and Mediterranean style, the homes are complementary in style to the adjacent retail development. Project zoning of RHA (row houses) enabled the development of 34 semi-detached and 8 stand-alone villas.

El Mercado Village is now a thriving community and the occupants of the homes are demand drivers for the businesses which locate within the retail centre. The two projects benefit from each other's success.

Location:
Avenue 79
Janabiya 575 Kingdom of Bahrain

Inventory Value:
KD 1.2 million

Total Units Available for Sale:
9

Start of Construction:
Q4 2016

Date of Completion:
Q4 2018

MAJAAL™

INDUSTRIAL SECTOR 33%

Majaal Warehousing Development at BIW

Majaal is a leading provider of industrial facilities for Small to Medium-sized Enterprises (SMEs), a market segment which constitutes the engine of growth for every economy. As developer and operator of these flexible multi-purpose facilities, Majaal seeks to facilitate the growth of business and industry in the markets we serve.

The first Majaal property is located at the Bahrain Investment Wharf (BIW) within the Salman Industrial City, providing easy access to Khalifa bin Salman Port and other major transport links in Bahrain. Majaal holds lease rights to land covering over 66,579 square meters in this modern and private industrial development.

The initial three S-Type buildings became operational in February 2010. Each building is sub-dividable into units as small as 250 square meters. Three more S-Type buildings were added to our inventory in June 2013.

The centrepiece of the development at BIW, completed during 2014, is our M-Type building, offering 13,000 square meters of net leasable area sub-divisible into units of minimum space of 1,000 square meters. The building features raised floors with adjustable dock-levellers to cater for direct on and off loading of trucks along with a 12m structure height to facilitate maximum storage density.

Location:
Bahrain Investment Wharf, Salman Industrial City, Kingdom of Bahrain

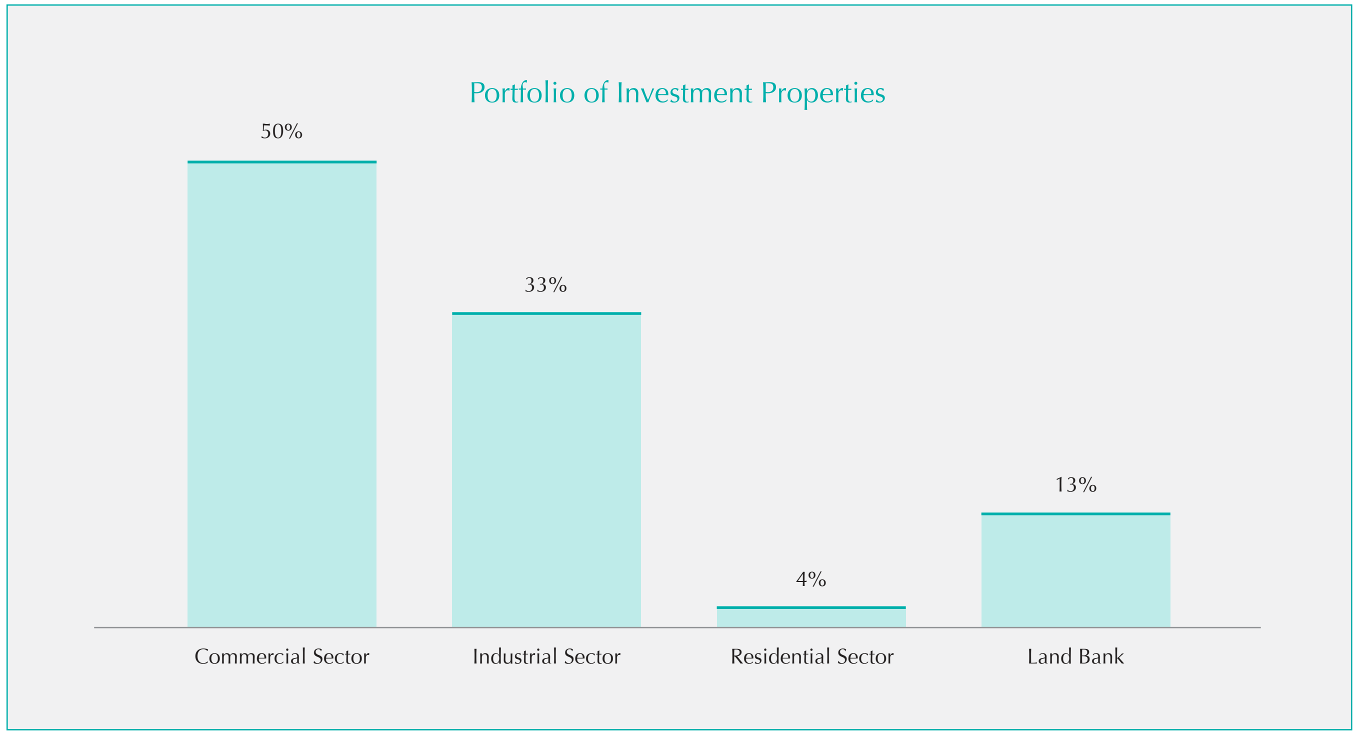
Value:
KD 9.7 million

Total Occupancy at 31 December:
57.4%

Leasable Area:
37,701 square meters

Start of Construction:
Q1 2009

Date of Completion:
Q2 2014



LAND BANK 13%

Seef District – just north of Bahrain City Centre Mall

The Company's two remaining plots in the new central business district hold strategic value and significant potential. Having stabilized in value since the 2008 global financial crisis, the real estate cycle is approaching the point at which the economics are favourable for development again.

The Company will study the results of its first two projects on the adjacent property before determining the best complimentary use of the land to maximize value.

Location:
Road 4653
Manama Sea Front 346 Kingdom of Bahrain

Value:
KD 3.8 million

Land Area
4,725 square meters

Board of Directors

Mr. Waleed Ahmed Alkhaja
Chairman

Mr. Alkhaja is a seasoned leader with a long career in investments. He served for 19 years in the Investment Directorate of the Kingdom of Bahrain's Ministry of Finance, before joining the Pension Fund Commission of Bahrain as Director of Investment and Executive Director of the SIO Asset Management Company. In 2013, he became the Managing Director of AMAK Property & Development, a family firm. He formerly served two terms on the Board of Directors of Seef Properties, the Batelco Group, and Bahrain Tourism Co. He currently serves on the Board of Directors of Reef Real Estate Finance Co., and Gulf Educational Projects (Applied Science University). Mr. Alkhaja holds a Bachelor's degree in Business Administration from North Texas State University.

Mr. Abdulaziz Abdulla Al Humaidhi
Vice Chairman

Mr. Al Humaidhi is the Deputy General Manager of Action Real Estate Company in Kuwait. A member of Action Real Estate Company since 2016, Mr. Al Humaidhi comes with over 18 years of extensive experience in private sector real estate. While at Ajial Real Estate & Entertainment Company, he managed the construction of Kuwait's tallest skyscraper, the Al Hamra Tower. He also worked in the Chicago, USA with Stanley Consultants, Inc. He currently serves on the Board of Directors for Al Masaken International Real Estate Development Company and previously served as Chairman of Al Hamra Cinema Company, and as a board member for both Ecovert FM Kuwait for General Trading and Contracting and Gulf Real Estate Company. He holds a Bachelor of Science degree in Civil Engineering from the Santa Clara University in California, USA.

Mr. Sulaiman Mohammad Al Furaih
Director, Audit and Risk Management Committee Chairman

Mr. Al Furaih is the Vice President of Financial Analysis for Wafra International Investment Company in Kuwait, where he has risen through the ranks over a distinguished 13 years career with the firm. He also serves as the Chairman of the Board of Directors for Sanam Real Estate Company, Chairman of the Board of Directors for Marbil Yapi Construction -Turkey and Chairman of the Board of Directors for Fanan Real Estate Company. Mr. Al Furaih holds a Bachelor of Science degree in Accounting and Auditing from Kuwait University.

Mr. Abdullah Hamad Al Jouan
Director, Remuneration Committee Chairman

Mr. Al Jouan is the VP of Strategic Corporate Relations MENA at Talabat as well as the Managing Partner of Gusto Group Food Services. Previously, he was the Director General of the National Fund for Small & Medium Enterprise Development and the Deputy General Manager for AlJouan Investment Company, and the Managing Partner for Finance & Operations for Gusto Food Services Group of Companies. Mr. Al Jouan holds a Bachelor of Science Degree in Business Administration from Daniels College of Business at the University of Denver, Colorado.

Mr. Ahmad Mohammad Al Ajlan
Director

Mr. Al Ajlan is a well-respected senior leader with extensive experience in real estate and investment management. Currently serving as the Chairman for Al-Jahra Cleaning Company, Mr. Al Ajlan has served on the Board of Directors of Qurain Petrochemical Industries Company and Zumorroda Leasing & Finance Company. He previously worked as the General Manager of Real Estate House Company, Vice President of Qurain Holding Company and General Manager of Pearl of Kuwait Real Estate Company. Earlier, he also served with the Kuwait Clearing Company, Kuwait Lube Oil Company and the Public Industrial Authority. Mr. Al Ajlan holds a Bachelor's degree in Business Studies with an emphasis in Marketing from Kuwait University.

Mrs. Hanan Hassan Abdulghani
Director

Mrs. Abdulghani is the Head of Direct Investment at Esterad Investment Company B.S.C. who brings with her more than 13 years of investment experience in the private equity and real estate sectors. She sits on the boards of several investee companies on behalf of Esterad Investment Company. Mrs. Abdulghani holds a Bachelor of Science degree in Banking and Finance from the University of Bahrain and membership within the CFA Society.

Mr. Abdulaziz Khaled Alghemlas
Director

Mr. Alghemlas is the Vice President of MENA Asset Management at KAMCO Investment Company with over 14 years of experience in Asset Management from several reputable establishments. Mr. Alghemlas holds a Bachelor of Science degree in Business Administration from Arizona State University.

Executive Management

Mr. Omar Faysal Al Temiemy
Chief Executive Officer

Serving as the CEO since 1 January 2019, Mr. Al Temiemy is the former Vice President in the Investment Banking Department at Global Investment House in Kuwait, where he served for the previous 16 years since 2003. Mr. Al Temiemy brings significant experience in investment analysis and management. He was a lead team member of issuing and restructuring more than USD 750 million worth Bonds including the work as bondholders representative, also arranging short-term customized financing transaction and syndications of around KD 700 million. He worked as a financial advisor for debt restructuring in a USD 600 million debt restructuring of an industrial company in Kuwait. Key mergers and acquisition transactions for which he has served as the Buy/Sell–side advisor are valued at more than USD 200 million across sectors including educational, medical, leasing and financing, contracting and food and beverages. His past board memberships include First Bahrain Real Estate Development Company (2014-2019), First Securities Brokerage Company (Oula Wasata) (2014- 2019), Global Investment House Jordan – Vice Chairman (2017), Bayan Holding Company (2012-2014). He holds a Bachelor's degree in Economics, with a specialization in Finance, from the International Islamic University of Malaysia and a Master of Business Administration from the Kuwait Maastricht Business School.

Mr. Daniel Taylor
Chief Financial Officer

An entrepreneur and professional management accountant with a wealth of operational and management experience, Mr. Taylor leads the Finance and Operations teams, overseeing the planning and execution of the Company's strategic objectives. Prior to joining First Bahrain, he was General Manager of New York Coffee, and General Manager of Mariner Technologies, where he was the chief architect of the GCC business news portal, TradeArabia.com. He serves as a member of the Board of Directors of the American Chamber of Commerce in Bahrain and Al Raja School, Bahrain. He earned his Master of Business Administration from the Kellstadt Graduate School of Business at DePaul University, Chicago, USA; and his Bachelor of Arts from the University of Virginia, USA. Mr. Taylor holds the designations FCMA and CGMA through the Chartered Institute of Management Accountants (CIMA) and the Association of International Certified Professional Accountants (AICPA).

Mr. Yasser Abu-Lughod
Chief Development Officer

Mr. Abu-Lughod brings over 30 years of international project management and engineering experience to the First Bahrain team where he leads the Company's developments from concept to construction to commissioning and beyond. Prior to joining First Bahrain, Mr. Abu-Lughod worked as senior project manager for Mace International where he managed the infrastructure design and construction phases for Bahrain Bay Development project. He also held several senior posts at VicRoads in Victoria, Australia and GHD Global where he played a key role in the success of infrastructure projects in Al Khore, Qatar. Mr. Abu-Lughod holds a B.Sc. in Civil Engineering from University of Wisconsin, Milwaukee; USA. He is a Charted Professional Engineer and a member of the Institution of Engineers in Australia, a holder of the Project Management Professional certification (PMP) and a member of the Project Management Institute (PMI).

Khalid Shaheen
Head of Business Development

Hussain Salman
Senior Financial Controller

Ameera Al-Qusaimi
Board Secratary

Jamila Ghazal
Project Manager - Architect

Basma AlMukharreq
HR & Marketing Manager

Hessa Aljaber
Associate Project Manager - Civil Engineer

Hussain Isa
Associate - Collections & Gov. Relations

Sayed Mustafa Alawi
Associate - Accountant

Thompson Mwadori
Mall Operations Manager

Muna Ali
Admin. Assistant

Marwa AlNasheet
Jr. Associate - Business Development

Muath Almustarihi
Mall Operations Manager

Corporate Governance

The Company has put in place a Corporate Governance framework through which it seeks to safeguard shareholders interest, particularly for the minority owners.

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The Company has put in place a Corporate Governance framework through which it seeks to safeguard shareholders interest, particularly for the minority owners. The Company seeks to balance entrepreneurship, compliance and industry best practice, while creating value for all stakeholders. This includes, but is not limited to, conducting the policy and affairs of the Company in compliance with regulatory requirements. It also involves having checks and balances in place throughout the organization to ensure that the right things are always done in the right way.

First Bahrain Real Estate Development Company K.S.C. (Closed) is a Kuwaiti closed Shareholding Company which operates as a real estate developer in compliance with the guiding principles of Islamic Sharia. While not publicly listed, the Company is working to fully comply with the Corporate Governance framework as established by the Capital Markets Authority of Kuwait. The Company has only one class of ordinary share and the holders of shares have equal voting rights. The list of leading shareholders in the Company as of 31 December 2021 is as follows:

Name	Nationality	No. of Shares	Share %
KAMCO Investments (Client Accounts)	Kuwaiti	48,355,720	22.8%
Gulf Bank (Client Accounts)	Kuwaiti	43,327,859	20.4%
Wafra International Investments (Client Accounts)	Kuwaiti	42,177,256	19.9%
Yaqoob Yusuf Aljouan	Kuwaiti	18,450,491	8.7%
Esterad Real Invest 1 WLL	Bahraini	13,209,475	6.2%
Other Shareholders	Various	46,731,109	22.0%
Total		**212,251,910**	**100.0%**

Distribution of ownership by shares and nationality:

Nationality	Shareholders	No. of Shares	Share %
Kuwaiti	270	187,591,635	88.4%
Bahraini	6	13,209,475	6.2%
Other Nationalities	16	11,013,238	5.2%
Total	**292**	**212,251,910**	**100.0%**

Distribution of ownership by size of shareholders:

Size of Holding	Shareholders	No. of Shares	Share %
Less than 1%	280	24,858,520	11.7%
1% to less than 5%	7	24,613,898	11.6%
5% to less than 10%	2	31,659,966	14.9%
10% and above	3	131,119,526	61.8%
Total	**277**	**212,251,910**	**100.0%**

Board of Directors
The Articles of Association of the Company detail the responsibilities of the Chairman and members of the Board of Directors as well as the guidelines of Corporate Governance with respect to the distribution of responsibilities between the Board of Directors and Executive Management. The Board of Directors oversee all the business activities in consultation with the Executive Management team. The Board of Directors discuss and confirm the Company's business strategy. Additionally, they are responsible for the preparation of financial statements, for risk management, and for Corporate Governance issues. These activities are supplementary to the main role of the Board of Directors which is to ensure adherence and commitment to the Company's values as set forth in its internal policies and procedures.

When appointed, Board Members are provided with the necessary detailed information to enable them to effectively perform their main role of overseeing the strategic, operational, financial, and compliance affairs as well as corporate Governance controls in the Company. The Corporate Governance framework allows a member of the Board of Directors to seek independent advice when necessary.

With respect to the channels of communication between the Board of Directors and Executive Management, the Board Members can always contact and request information from the Executive Management.

Board of Directors are responsible for ensuring that the systems and controls framework in the Company, including the Board structure and the organizational structure is appropriate for the Company's business and its associated risks. The Board of Directors ensure that there are sufficient resources and expertise to identify, understand, and measure the significant risks to which the Company is exposed in its activities. Directors are regularly assessing the systems and controls framework of the Company to ensure that:

- The Company's operations, individually and collectively are measured, monitored, and controlled by appropriate, effective and prudent risk management systems commensurate with the scope of the Company's activities;
- The Company's operations are supported by an appropriate control environment;
- The compliance, risk management and financial reporting functions are adequately resourced, independent of business lines and is run by individuals not involved with the day-to-day running of the various business areas.
- The Management develops, implements and oversees the effectiveness of comprehensive "Know Your Customer" standards in compliance with Anti-Money Laundering (AML) rules enforced by the Real Estate Regulatory Authority (RERA) of the Kingdom of Bahrain. They also perform on-going monitoring of accounts and transactions, in keeping with the requirements of relevant laws, regulations, and best practice.

In their strategy review process, the Board of Directors:

- Review the Company's business plans and the inherent level of risk in the plans;
- Assess the adequacy of capital to support the business risks of the Company;
- Set performance objectives; and
- Oversee major capital expenditures, divestitures, and acquisitions.

Election and Re-election of Directors:
In their meeting dated 16 July 2020 and in compliance with the terms stipulated in the Article of Association, the Shareholders elected all current members of the Board of Directors for a period of three years.

The Directors are elected by the shareholders at the Annual General Meeting. Candidates for the Board shall be selected by the Remuneration Committee, and recommended to the Board of Directors for approval, in accordance with the qualifications approved by the Board taking into consideration the overall composition and diversity of the Board and areas of expertise new Board members might be able to offer.

Board Composition & Attendance
The members of the Board of Directors collectively possess an extensive background in finance, real estate development, and broader management experience. The members provide valuable directives in meeting Company objectives. The Board consists of seven (2020: seven) non-executive Directors comprising including the two (2020: four) independent Director(s).

Per the Articles of Association, the Board is required to meet six times during each year. Board members must attend

75% of all meetings within a calendar year. Board members will step down if they are unable to attend four consecutive meetings without an acceptable explanation. The absence of Board members at Board and Committee meetings will be noted in the meeting minutes. Board attendance percentage will then be reported during any General Assembly Meeting when Board members stand for re-election. Voting and attendance proxies for Board meetings are always prohibited.

Board & Committee Membership:

Director's Name	Membership Type	Position	Committee Membership Remuneration	Audit & Risk Management
Waleed Ahmed Alkhaja	Independent	Chairman		Member
Abdulaziz Abdulla Al Humaidhi	Non-Independent	Vice Chairman		Member
Sulaiman Mohammad Al Furaih	Non-independent	Member	Chairman	
Abdullah Hamad Al Jouan	Independent	Member		Chairman
Ahmad Mohammad Al Ajlan	Independent	Member	Member	
Hanan Hassan Abdulghani	Non-independent	Member	Member	
Abdulaziz Khaled Alghemlas	Non-independent	Member	Member	

Board Meeting Attendance Record:

Board Meeting Attendance Record	2021-1	2021-2	2021-3	2021-4	2021-5	2021-6	Pct
Board Meeting Date	**4-Feb**	**14-Feb**	**24-Jun**	**23-Sep**	**16-Nov**	**20-Dec**	
Waleed Alkhaja	C	C	C	C	C	C	100%
Abdulaziz Al Humaidhi	P	P	P	P	P	P	100%
Sulaiman Al Furaih	P	P	P	P	P	P	100%
Abdullah Al Jouan	P	P	P	P	P	P	100%
Ahmed Al Ajlan	P	P	P	P	P	P	100%
Hanan Abdulghani	/	P	P	P	P	P	83%
Abdulaziz Alghemlas	P	P	P	P	P	P	100%

Board Committee Meetings Attendance Record:

Audit and Risk Management Committee

Audit & Risk Committee Meeting	2021-1	2021-2	2021-3	2021-4	Pct
Board Meeting Date	**14-Feb**	**24-Jun**	**23-Sep**	**16-Nov**	
Sulaiman Al Furaih	C	C	C	C	100%
Ahmad Al Ajlan	P	P	P	P	100%
Hanan Abdulghani	P	P	P	P	100%
Abdulaziz Alghemlas	P	P	P	P	100%

Remuneration Committee

HR & Remuneration Committee	2021-1	2021-2	2021-3	Pct
Board Meeting Date	**4-Feb**	**24-Jun**	**23-Sep**	
Abdullah Al Jouan	C	C	C	100%
Abdulaziz Al Humaidhi	P	P	P	100%
Waleed Alkhaja	P	P	P	100%

P=Present A=Absent Profiles of each of the members of the Board of Directors are included within this Annual Report.

Board Committees

The Board of Directors have established two subordinate Committees and have delegated specific powers to each committee as follows:

Audit & Risk Management Committee

The primary purpose of the Audit & Risk Management Committee is to assist the Board of Directors in fulfilling its responsibilities by overseeing all audit (external, internal, and Sharia) related processes for the Company and its Subsidiaries and by reviewing the related financial information which will be provided to the shareholders, banks and other stakeholders, as well as the systems of internal controls which Management and the Board of Directors have established. The Committee must meet at least three times a year.

The Committee held four meetings during the fiscal year 2021.

Remuneration & Compensation Committee

The Remuneration & Compensation Committee was established to align with best practice in Corporate Governance. As and when required by the Board, the Committee identifies persons qualified to become members of the Board, to serve as Chief Executive Officer ("CEO") and or other officers of the Company. The appointment of the external and internal auditors, however, is the responsibility of the Audit & Risk Management Committee. The Committee can make recommendations to the Board including recommendations of candidates for the Board membership to be included by the Board on the agenda for the next AGM meeting, besides reviewing the Company's remuneration policies for both the Executive Management and for the Board of Directors. Board remuneration shall be subject to approval by the shareholders in the AGM meetings. The Committee must meet at least twice a year.

The Committee held three meetings during the fiscal year 2021.

Management

The Board delegates authority for the day-to-day management of the Company to the Chief Executive Officer, who is supported by a qualified and experienced Executive Management team. Profiles of the Executive Management are included within this Annual Report.

Communication & Disclosure

The Company conducts all communications with its stakeholders in a professional, transparent, and timely manner. Communication channels include this annual report and the Annual General Meeting of the shareholders. Other communication channels include the website, social media, and regular announcements made to the local press. For the most current information regarding the Company, including relevant news along with current and historical financial reports, you are invited to regularly visit the Company website at www.firstbahrain.com.

Risk Management

The Company has developed a risk management framework that provides controls and ongoing management of the major risks inherent in the Company's core business activities. The Board of Directors has the ultimate authority for setting the risk appetite, risk tolerance and associated parameters and limits, in which the Company operates. The Audit & Risk Management Committee is responsible for establishing, maintaining, and monitoring a risk-based approach to all business activities and management of the Company.

The main risks that the Company is exposed to are credit, liquidity, and market risk. The nature of these risks are further detailed in note 3 to the Consolidated Financial Statements.

Capital Management

The policy of the Board of Directors is to maintain a strong capital base in order to maintain investor, creditor and market confidence, as well as to provide for the future development of the Company. The Board of Directors seeks to maintain a balance between the higher returns and growth which may be possible with higher levels of borrowings and the advantages and security offered by a sound capital position.

Internal Audit

Internal Audit provides an additional line of defence in risk management and internal controls. The role of internal audit is to provide independent and objective assurance that the process for identifying, evaluating and managing significant risks faced by the Company is appropriately and effectively applied.

Internal Audit reports on a semi-annual basis to the Board of Directors through the Audit & Risk Management Committee. The internal auditors report to the Audit & Risk Management Committee the results of periodic audits and obtains commitments from Management to take any remedial action required for any issues raised. The Bahrain office of global audit and advisory firm, Grant Thornton, serves as the Company's internal auditors.

Al Mashora & Al Raya Shari'ah Advisory Board Report

Date: April 5, 2022

Final report of the Sharia Supervisory Committee
For the financial period of 01/01/2021 to 31/12/2021

To the Shareholders of First Bahrain Real Estate Development
Allah's peace, mercy and blessings be upon you

In accordance with the powers delegated to us by the members of the General Assembly of **First Bahrain Real Estate Development the Company's** Articles of Association and the relevant regulatory directives, the Sharia Supervisory Committee submits its final report for the period from 01/01/2021 to 31/12/2021 It includes four items as follows:

First: The work of the Sharia Supervisory Committee

The Sharia Supervisory Committee carried out its work, which included examining the investment structures, contract forms, products, policies and procedures either directly or in coordination with the internal Sharia audit department in order to obtain all the information and explanations that it considered necessary to provide sufficient evidence and give reasonable assurance that the company did not violate the provisions of Islamic law in the light of the resolutions of the Sharia Supervisory Committee and the Sharia standards adopted by the Company and the decisions of the relevant regulatory bodies.

Second: Decisions of the Sharia Supervisory Committee

The Sharia Supervisory Committee of the Company responded to all the company's inquiries and issued **8 decisions**.

Three: Decisions of the Sharia Supervisory Committee

The Sharia Supervisory Committee did not Approve any policies and procedures during the period.

Four: The final opinion:

In our opinion, after examining all the clarifications and assurances we have obtained, we confirm that:

1. The contracts, operations and transactions concluded by the Company during the period from 01/01/2021 to 31/12/2021 were made entirely in accordance with the provisions of the Islamic Sharia.
2. The responsibility to pay zakat falls on the shareholders.

Shari'ah Advisory Board:

Head of the Sharia Supervisory Committee
Dr. Abdullateef H. S. Al-Awadhi

Member of the Sharia Supervisory Committee
Prof. Mohamed Khaled Mansour

Member of the Sharia Supervisory Committee
Dr. Mohamed Ali Al-hadia

Consolidated Financial Statements

Independent Auditor's Report

To The Shareholders Of First Bahrain Real Estate Development Company K.S.C. (Closed)

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of First Bahrain Real Estate Development Company K.S.C. (Closed) ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of these consolidated financial statements in the State of Kuwait. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The directors are responsible for the other information.
The other information comprises the report of the Board of Directors but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Group's annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting Standards and the Companies Law no. 1 of 2016 and its executive regulations, 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 these 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these 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 these consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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 accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of Board of Directors relating to these consolidated financial statements incorporate all information that is required by the Companies' Law no. 1 of 2016 and its executive regulations and by the Parent Company's articles of association; that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies' Law no. 1 of 2016 and its executive regulations nor of the Parent Company's articles of association have occurred during the year ended 31 December 2021 that might have had a material effect on the business of the Group or on its consolidated financial position.

Khalid Ebrahim Al-Shatti
License No 175 A
PricewaterhouseCoopers (Al-Shatti & Co.)

30 March 2022
Kuwait

Consolidated statement of financial position

All amounts are in Kuwaiti Dinars unless otherwise stated

As at 31 December

	Notes	2021 KD	2020 KD
Assets			
Non-current assets			
Investment properties	5	**27,944,892**	27,813,284
Furniture and equipment		**138,431**	42,814
Right of use assets		**7,015**	50,150
		28,090,338	27,906,248
Current assets			
Developing properties	6	**1,212,324**	1,879,026
Trade and other receivables	7	**482,012**	421,764
Wekala deposits	8	**1,712,659**	2,192,590
Cash and cash equivalents	9	**570,880**	723,792
		3,977,875	5,217,172
Total assets		**32,068,213**	33,123,420
Equity and liabilities			
Equity			
Share capital	10	**21,225,191**	21,225,191
Statutory reserve	11	**129,433**	129,433
Foreign currency translation reserve	12	**1,487,270**	1,440,256
(Accumulated losses) /Retained earnings		**(537,525)**	1,109,964
Total equity		**22,304,369**	23,904,844
Liabilities			
Non-current liabilities			
Islamic finance payables	13	**8,159,146**	8,053,645
Lease liabilities		**-**	25,583
Employees' end of service benefits		**129,031**	132,395
		8,288,177	8,211,623
Current liabilities			
Islamic finance payables	13	**451,730**	306,088
Trade and other payables	14	**1,016,922**	676,298
Lease liabilities		**7,015**	24,567
		1,475,667	1,006,953
Total liabilities		**9,763,844**	9,218,576
Total equity and liabilities		**32,068,213**	33,123,420

Waleed Ahmed Alkhaja
Chairman

Omar Faysal Al Temiemy
Chief Executive Officer

The accompanying notes set out on pages 36 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

All amounts are in Kuwaiti Dinars unless otherwise stated

For the year ended 31 December

	Notes	2021 KD	2020 KD
Sale of residential villas	16	**711,717**	837,045
Cost of residential villas sold		**(672,351)**	(766,383)
Net income from sale of developing properties		**39,366**	70,662
Gross rental income	15	**1,682,886**	1,561,764
Cost of rental income		**(374,974)**	(400,689)
Net rental income		**1,307,912**	1,161,075
Gross profit		**1,347,278**	1,231,737
General and administrative expenses	17	**(613,936)**	(745,148)
Selling and marketing expenses		**(40,743)**	(41,728)
Provision for expected credit losses	3.1 b	**(8,395)**	(114,072)
Change in fair value of investment properties		**(669,518)**	590,190
Other income - net		**56,215**	98,195
Operating profit		**70,901**	1,019,174
Income from wekala deposits		**51,834**	41,880
Finance cost		**(708,965)**	(189,432)
Finance costs - net		**(657,131)**	(147,552)
(Loss) / profit before provisions for contribution to Kuwait Foundation for Advancement of Sciences (KFAS) and Zakat		**(586,230)**	871,622
Directors' remuneration	18	**-**	(30,000)
Contribution to KFAS		**-**	(7,845)
Zakat		**-**	(8,891)
Profit for the year		**(586,230)**	824,886
Other comprehensive gain/(loss)			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation differences for foreign Operations		**47,014**	(93,364)
Other comprehensive gain/(loss) for the year		**47,014**	(93,364)
Total comprehensive (loss)/profit for the year		**(539,216)**	731,522

The accompanying notes set out on pages 36 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

All amounts are in Kuwaiti Dinars unless otherwise stated

	Share capital KD	Statutory reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
Balance at 1 January 2020	**21,225,191**	**42,271**	**1,533,620**	**372,240**	**23,173,322**
Profit for the year	-	-	-	**824,886**	**824,886**
Other comprehensive loss for the year	-	-	(93,364)	**-**	**(93,364)**
Total comprehensive income for the year	**-**	**-**	**(93,364)**	**824,886**	**731,522**
Transfer to statutory reserve (note 11)	-	87,162	-	**(87,162)**	**-**
Balance at 31 December 2020	**21,225,191**	**129,433**	**1,440,256**	**1,109,964**	**23,904,844**
Loss for the year	-	-		**(586,230)**	**(586,230)**
Other comprehensive gain for the year	-	-	47,014	**-**	**47,014**
Total comprehensive loss for the year	**-**	**-**	**47,014**	**(586,230)**	**(539,216)**
Dividends distribution (note 1)	-	-	-	**(1,061,259)**	**(1,061,259)**
Balance at 31 December 2021	**21,225,191**	**129,433**	**1,487,270**	**(537,525)**	**22,304,369**

The accompanying notes set out on pages 36 to 57 form an integral part of these consolidated financial statements.

Consolidated statements of cash flows

All amounts are in Kuwaiti Dinars unless otherwise stated

For the year ended 31 December	**Note**	**2021 KD**	2020 KD
Cash flows from operating activities			
(Loss) / profit for the year		**(586,230)**	824,886
Adjustments for:			
Depreciation	17	**46,688**	61,225
Provision for expected credit losses		**8,395**	114,072
Write off of furniture and equipment		**-**	303
Change in fair value of investment properties	5	**669,518**	(590,190)
Finance costs		**708,965**	189,432
Income from wekala deposits		**(51,834)**	(41,880)
Provision for employees' end of service benefits		**13,613**	17,987
Operating income before changes in working capital		**809,115**	575,835
Changes in working capital:			
Developing properties		**666,702**	702,263
Trade and other receivables		**40,285**	(32,173)
Trade and other payables		**340,624**	76,590
Payment of end of service benefits		**(16,977)**	-
Net cash generated from operating activities		**1,839,749**	1,322,515
Cash flows from investing activities:			
Additions to investment properties	5	**(740,487)**	(1,653,137)
Purchase of furniture and equipment		**(112,900)**	(20,315)
Wekala deposits		**479,931**	(1,291,694)
Income from wekala deposits received		**51,834**	41,880
Net cash used in investing activities		**(321,622)**	(2,923,266)
Cash flows from financing activities:			
Proceeds from Islamic finance payables	13	**441,951**	1,785,221
Repayments of Islamic finance payables	13	**(211,899)**	(23,182)
Lease liabilities paid		**(43,135)**	(32,617)
Finance costs paid		**(708,965)**	(152,397)
Distributions		**(1,061,259)**	-
Net cash (used in) / generated from financing activities		**(1,583,307)**	1,577,025
Net decrease in cash and cash equivalents		**(65,180)**	(23,726)
Net foreign exchange difference		**(87,732)**	(14,596)
Cash and cash equivalents at the beginning of the year		**723,792**	762,114
Cash and cash equivalents at the end of the year	9	**570,880**	723,792
Non-cash transactions			
Furniture and equipment - right-of-use assets		**-**	(68,602)
Trade and other payables - lease liabilities		**-**	68,602
Islamic finance payables	13	**-**	**(35,824)**
Finance cost	13	**-**	**35,824**

The accompanying notes set out on pages 36 to 57 form an integral part of these consolidated financial statements.

1. INCORPORATION AND ACTIVITIES

First Bahrain Real Estate Development Company K.S.C. (Closed) ("the Parent Company") was incorporated as a Kuwait Shareholding Holding Company on 5 October 2004. The Parent Company has commercial registration Number 103837 dated 16 October 2004. The Parent Company is engaged in activities in accordance with Noble Islamic Sharia, which include:

- Trading, management and development of properties inside and outside Kuwait.
- Owning, buying and selling of stocks and bonds of real estate companies inside and outside Kuwait.
- Performing maintenance of properties, including mechanical, electro-mechanical, and air conditioning activities.
- Performing real estate advisory services, feasibility studies and real estate appraisals.
- Managing, operating and leasing hotels, clubs, residential buildings, touristic and health care resorts and providing support services.
- Organizing real estate exhibitions for the Parent Company's real estate projects.

The registered head office of the Parent Company is P.O. Box 29295 Al-Safat 13153, State of Kuwait.

The Parent Company's main office is at City Tower, 2nd Floor, Khaled Bin Al Waleed Street, Sharq, Kuwait.

The consolidated financial statements comprise the Parent Company and its directly owned branch and subsidiaries (together referred to as "the Group"). A list of the branch and subsidiaries are as follows:

Name of the company	Country of incorporation	Percentage of ownership		Principal activities
		2021	2020	
First Bahrain Real Estate Development Company (Bahrain branch)	Kingdom of Bahrain	**100%**	100%	Real estate and investment activities
First Kuwait Al Seef Real Estate Development Company W.L.L.	Kingdom of Bahrain	**99.9%**	99.9%	Real estate and investment activities
FB Janabiya Residential Development Company W.L.L.	Kingdom of Bahrain	**99.8%**	99.8%	Real estate and investment activities
Majaal Warehouse Company W.L.L.	Kingdom of Bahrain	**99.8%**	99.8%	Real estate and investment activities

The Parent Company owns directly and indirectly 100% of its subsidiaries in accordance to share sale agreements.

The Parent Company indirectly owns Seef Hospitality Investment Company W.L.L. in the Kingdom of Bahrain, which is a 100% subsidiary of First Kuwait Al Seef Real Estate Development Company W.L.L.

The total number of employees in the Group was 16 employees as at 31 December 2021 (31 December 2020: 17 employees).

The consolidated financial statements for the year ended 31 December 2021 were authorised for issuance by the Board of Directors on 24 March 2022 and the shareholders have the power to amend these consolidated financial statements at the annual general assembly meeting.

The consolidated financial statements for the year ended 31 December 2020 were authorised for issuance by the Board of Directors on 14 February 2021 and approved by the shareholders in their Annual General Assembly on 26 April 2021.

The shareholders in the Annual General Assembly meeting held on 26 April 2021 decided to distribute dividends to the shareholders in the amount of 5 fils per share and to pay remuneration in the amount of KD 30,000 for the Parent Company's Board of Directors for the year ended 31 December 2020.

On 24 March 2022, the Board of Directors decided to offset accumulated losses amounting to KD 129,433 and KD 408,092 as of 31 December 2021 against statutory reserve and share capital, respectively. In addition, the Board of Directors proposed a capital redemption amounting to KD 624,513 resulting in a further reduction in share capital to KD 20,192,586. This is subject to the approval of the shareholders' general assembly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation
(i) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and the Companies Law no. 1 of 2016 and its executive regulations.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Parent Company's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Going concern

The Group's management has made an assessment of the group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, as modified for the revaluation of "investment properties".

2.1.1 Changes in accounting policies and disclosures
(a) New and amended standards adopted by the Group:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognized in prior periods and did not significantly affect the current or future periods. There are no other standards or amendments that are effective and that would have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) New standards and interpretations not yet adopted:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Consolidation
2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Changes in ownership interests in subsidiaries without change of control
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Parent Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified the consolidated statement of comprehensive income.

2.2.3 Business combination
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the following items over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income as a bargain purchase:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated statement of comprehensive income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated statement of comprehensive income.

2.3 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the Board of Directors.

2.4 Foreign currencies
(a) Functional and presentation currency
Items included in the consolidated financial statements are measured in Bahraini Dinars (BD), which is the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements

are presented in Kuwaiti Dinars (KD), which is the Parent Company's presentation currency of the Group.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are recognised in the consolidated statement of comprehensive income.

(c) Foreign operations
The results and financial position of all foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position;
(ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(iii) All resulting exchange differences are recognised in other comprehensive income.

2.5 Investment properties
Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property that is obtained through a lease is measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated statement of financial position. Management applies judgments in deriving investment properties' fair value.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the consolidated statement of comprehensive income under 'change in fair value of investment properties'. Investment properties are derecognised 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. Gains or losses arising on the retirement or disposal of an investment property are recognised in the consolidated statement of comprehensive income. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of comprehensive income.

2.6 Developing properties
Developing properties are stated at the lower of cost and net realisable value. Costs are assigned to developing properties by the method most appropriate to the particular class of inventory, valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for developing properties less all estimated costs of completion and costs necessary to make the sale.

2.7 Furniture and equipment
Furniture and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses, if any.

Cost of an item of furniture and equipment includes its purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing furniture and equipment at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an item of furniture and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost less residual values over their estimated useful lives, as follows:

Furniture and office equipment	Computers and electronics	Leasehold improvement	Fixtures
5 years	3 years	3 years	3-10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at least at each financial year-end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are recognised in the consolidated statement of comprehensive income.

2.8 Impairment of non-financial assets
Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are computed at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets
2.9.1 Classification
The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The Group's financial assets carried at amortised cost are as follows:

(a) Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the trade and other receivables with the objective to collect the contractual cash flows.

(b) Cash and cash equivalents
Cash and cash equivalents include cash on hand and bank balances held at call with financial institutions.

(c) Wekala deposits
Wekala deposits are held with reputable financial institutions with original maturity of more than three months which are subject to an insignificant risk of change in value.

2.9.2 Recognition and de-recognition
Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.9.3 Measurement
At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of comprehensive income. Financial assets at amortised cost comprise of "trade and other receivables", "wekala deposits", and "cash and cash equivalents".

Trade and other receivables
Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade and other receivables are recognised initially at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

2.9.4 Impairment of financial assets
The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While bank balances and wekala deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2.10 Financial liabilities
A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group.

All financial liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. The Group classifies its financial liabilities as "trade and other payables", "Islamic finance payables", and "lease liabilities".

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

(a) Trade and other payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables 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 classified as non-current liabilities.

(b) Islamic finance payables
Islamic finance payables are initially recognised at fair value, net of transaction costs incurred. Islamic finance payables are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of comprehensive income over the period of the Islamic finance payables using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Islamic finance payables are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of comprehensive income as other income.

Islamic finance payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.11 Employees' end of service benefits
The Group is liable under Labor Laws' in respective countries, to make payments to the employees for post-employment benefits through defined benefits plan. Such payment is made on a lump sum basis at the end of an employee's service. This liability is unfunded and is computed as the amount payable as a result of involuntary termination of the Group's employees on the reporting date. The Group expects this method to produce a reliable approximation of the present value of this obligation.

With respect to its national employees, the Parent Company makes contributions to Public Authority for Social Security calculated as a percentage of the employees' salaries.

2.12 Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.13 Offsetting of financial assets and liabilities
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legal enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.14 Revenue recognition
Rental income
Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

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Sale of developed units
Revenue on sale of developed units is recognised when control over the unit has been transferred to the customer, which is considered to be at a point in time, when the customer has taken possession of the unit along with compliance with all local regulatory requirements governing the real estate sale contracts. The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties are handed over to customers upon full payment of the purchase price. Notice to customers to make final payment does not arise until connection of government services to the completed properties, including electricity and water. Revenue from sale of residential villas is recognised at a point in time whenever the conditions for the handover are satisfied and the risks and rewards are transferred to the buyer.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when government services are connected to the completed properties. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Financing components
The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue from services is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

2.15 Finance costs
Finance 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 Islamic finance payable pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalisation. All other finance costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2.16 Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 20 further information on how the Group accounts for government grants.

2.17 Leases
Lease income from operating leases where the Group is a lessor is recognised in the consolidated statement of comprehensive income on a straightline basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

The Group leases its offices and vehicles from different lessors. Rental contract is made for a fixed period of 1 to 3 years but may have extension options. Lease term are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions.
To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2.18 Dividends distribution
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors
The Group's activities may expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's finance department as approved by Board of Directors.

(a) Market risk
(i) Foreign currency risk
The Group is exposed to foreign currency risk arising from various currency exposures. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities. Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. Positions are monitored on a regular basis to ensure positions are maintained within established limits.

The Group manages its foreign currency risk by regularly assessing current and expected foreign currency rate movements and Group's foreign currency monetary assets and liabilities.

The Group's net exposure denominated in foreign currencies is not significant.

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(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the possibility that changes in interest rate will affect future profitability or the fair values of financial instruments. The Group's interest rate risk is not signinficant as wekala deposits and Islamic finance payables carry fixed rates.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on its consolidated statement of comprehensive income and equity of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Positions are monitored regularly to ensure positions are maintained within established limits. The Group does not have any variable interest bearing assets/liabilities; accordingly, interest rate risk is not significant.

(b) Credit risk
Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk.

Credit risk arises from bank balances held at banks, wekala deposits and trade and other receivables.

Credit risk is managed on a group basis. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to a quarterly or more frequent review.

The Group has policies in place to ensure rental contracts are entered into only with counterparties with an appropriate credit history, and monitors the credit quality of receivables on an ongoing basis. Cash balances are held only with financial institutions with a good credit rating. The Group has policies that limit the amount of credit exposure to any financial institution.

The Group's maximum exposure to credit risk by class of financial asset is as follows:

	2021 KD	2020 KD
Trade and other receivables, excluding prepaid expenses (note 7)	**433,532**	378,361
Wekala deposits (note 8)	**1,712,659**	2,192,590
Cash and cash equivalents, excluding cash on hand (note 9)	**570,271**	723,147
	2,716,462	3,294,098

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of tenants over a period of 36 months before 31 December 2021or 31 December 2020, respectively, and the corresponding historical credit losses experienced within this period. On that basis, the impairment provision as at 31 December 2021 and 31 December 2020 was determined as follows for trade receivables:

	Rental income receivables				
31 December 2021	**0-30 days**	**31-60 days**	**61-90 days**	**91 days above**	**Total**
Expected loss rate*	**5.19%**	**7.54%**	**22.65%**	**45.30%**	
Gross carrying amount – Trade receivables	**109,526**	**118,797**	**89,694**	**280,157**	**598,174**
Lifetime expected credit loss allowance	**5,687**	**8,962**	**20,316**	**126,721**	**161,686**

	Rental income receivables				
31 December 2020	0-30 days	31-60 days	61-90 days	91 days above	Total
Expected loss rate*	3.18%	12.16%	24.78%	58.10%	
Gross carrying amount – Trade receivables	175,658	74,908	130,708	215,019	596,293
Lifetime expected credit loss allowance	5,587	9,112	32,390	124,935	172,024

** The above expected loss rates are the average rates for the whole subsidiaries of the Group.*

The closing impairment provision for trade receivables as at 31 December 2021 reconcile to the opening impairment provision as follows:

Trade receivables	**2021 KD**	2020 KD
Opening loss allowance as at 1 January	**172,024**	57,952
Increase in loss allowance during the year	**8,395**	**114,072**
Write off during the year	**(18,733)**	-
At 31 December	**161,686**	172,024

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting commitments associated with financial liabilities, arises because of the possibility (which may often be remote) that the Group could be required to pay its liabilities earlier than expected.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of Islamic finance payables. Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn Islamic finance facilities) and bank balances and cash on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring consolidated statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The maturity profile is monitored by the Group's management to ensure adequate liquidity is maintained. A summary table with maturity of financial liabilities is presented below. The amounts disclosed in the below tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of non-interest bearing balances due within 12 months equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

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The maturity analysis of financial instruments at 31 December is as follows:

	Contractual cash flows					
31 December 2021	**Less than one year KD**	**From 1 to 2 years KD**	**From 2 to 3 years KD**	**More than three years KD**	**Total KD**	**Carrying amount KD**
Liabilities						
Islamic finance payables	**1,157,840**	**1,048,313**	**1,048,313**	**9,251,961**	**12,506,427**	**8,610,876**
Trade and other payables	**1,016,922**	**-**	**-**	**-**	**1,016,922**	**1,016,922**
Total liabilities	**2,174,762**	**1,048,313**	**1,048,313**	**9,251,961**	**13,523,349**	**9,627,798**

	Contractual cash flows					
31 December 2020	Less than one year KD	From 1 to 2 years KD	From 2 to 3 years KD	More than three years KD	Total KD	Carrying amount
Liabilities						
Islamic finance payables	877,620	991,516	991,516	9,816,905	12,677,557	8,359,733
Trade and other payables	676,298	-	-	-	676,298	676,298
Total liabilities	1,553,918	991,516	991,516	9,816,905	13,353,855	9,036,031

3.2 Financial instruments

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, increase capital or sell assets to reduce debt.

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

	2021 KD	2020 KD
Islamic finance payables	**8,610,876**	8,359,733
Lease liabilities	**7,015**	50,150
Less: cash and cash equivalents	**(570,880)**	(723,792)
Net debt	**8,047,011**	7,686,091
Total equity	**22,304,369**	23,904,844
Total capital	**30,351,380**	31,590,935
Gearing ratio	**27%**	24%

3.3 Fair value estimation

(a) Assets carried at amortised cost

The fair value of the financial assets measured at amortised cost approximate their carrying amounts as at the reporting date.

(b) Investment properties

Refer to note 5.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Valuations of investment properties

The determination at the fair value of investment property requires the use of estimates. These estimates are based on local market conditions existing at the reporting date.

In arriving at their estimates of market values as at 31 December 2021, the valuation consultants have applied their market knowledge and professional judgment to use an income approach and sales comparable approach to measure the value of the property. Therefore, in arriving at their estimates of market values for the undeveloped raw lands as at 31 December 2021 the valuers have not only relied solely on historic transactional comparable. In these circumstances, there is a greater degree of uncertainty than which exists in a more active market in estimating the market values of investment property. Income approach is used to measure the value of the property through a discounted cash flow (DCF) analysis of the net operating income, presuming that the capital investment for the land and buildings is recovered in full over the period of the ground lease. Management applies judgments in deriving investment properties' fair value.

(b) Impairment of development properties

Developing properties are held at lower of cost and net realisable value. When developing properties become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the asset type and the degree of ageing or obsolescence, based on historical selling prices.

(c) Classification of real estate properties

Upon acquisition of a real estate property, the Group classifies it into either of the following classifications based on the purpose for which the management will be using it:

(i) Investment properties

The management classifies real estate property as an investment property if it is used to generate rental income, for capital appreciation, or for undetermined future use.

(ii) Developing properties

The management classifies real estate property as a developing property if it is acquired with the intention of development.

(d) Expected credit losses

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

5. INVESTMENT PROPERTIES

As at 31 December

	2021 KD	2020 KD
Balance at the beginning of the year	**27,813,284**	25,674,348
Additions during the year	**740,487**	1,653,137
Change in fair value	**(669,518)**	590,190
Foreign currency translation differences	**60,639**	(104,391)
Balance at the end of the year	**27,944,892**	27,813,284

As at 31 December

	2021 KD	2020 KD
Investment properties right-of-use assets	**9,584,493**	9,726,425
Investment properties	**18,360,399**	18,086,859
Balance at the end of the year	**27,944,892**	27,813,284

Investment properties represent land, industrial, and commercial properties acquired or constructed through the Group's subsidiaries in the Kingdom of Bahrain.

Land

Land represents two plots (31 December 2020: two plots) with a combined area of approximately 4,725 square meters (31 December 2020: 4,725 square meters) owned by First Kuwait Al Seef Real Estate Development Company W.L.L. (a subsidiary) with a carrying value amounted to KD 3,803,394 as at 31 December 2021 (31 December 2020: KD 4,071,868), located at Seef Area in the Kingdom of Bahrain. The two plots are currently held for undetermined future use.

Industrial properties

The properties consist of seven industrial buildings owned by Majaal Warehouse Company W.L.L. (a subsidiary) with a carrying value amounted to KD 9,584,493 as at 31 December 2021 (31 December 2020: KD 9,726,425), built across six industrial-zoned plots located at Bahrain Investment Wharf in the Kingdom of Bahrain and held on a leasehold basis through 21 May 2056 with an option to renew for an additional 25 years.

Commercial properties

The properties consist of buildings held for rental income and capital appreciation along with buildings being constructed for this same purpose which are held by two subsidiaries.

The first property is the El Mercado Mall built on an 8,052 square meter plot owned by FB Janabiya Residential Development Company W.L.L. ("FBJ") (a subsidiary) with a carrying value amounted to KD 4,015,765 as at 31 December 2021 (31 December 2020: KD 4,118,872).

The second and third properties are held by First Kuwait Al Seef Real Estate Development Company W.L.L. (a subsidiary) and include the El Balcón Mall, a plot of 7,235 square meters adjacent to a 3,352 square meter plot which has been built-to-suit for Jarir Bookstore. There were KD 702,103 and KD 222,875 in additions for Jarir Bookstore and El Balcón Mall respectively during the year which are added to the value of the land at cost during the period of construction. The value was KD 10,541,240 at 31 December 2021 (31 December 2020: KD 9,896,119).

Investment properties amounting to KD 24,141,498 (31 December 2020: KD 23,741,416) are pledged as securities against Islamic finance payable (note 13).

(i) Amounts recognised in the consolidated statement of comprehensive income for investment properties

For the year ended 31 December	2021 KD	2020 KD
Change in fair value of Investment properties	**(669,518)**	590,190
Net rental income	**1,307,912**	1,161,075

(ii) Measuring investment properties at fair value
Investment properties are held for long-term rental yields and are not occupied by the Group, except for the land that is currently held for undetermined future use. The Group has not concluded as to whether the land plots will be held-for-capital appreciation or for development to earn rental income in the future. Investment properties are carried at fair value. Changes in fair values are presented in the consolidated statement of comprehensive income.

(iii) Fair value hierarchy
The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment properties annually.

The fair value of the land, as measured by the independent valuers, is recognised as a separate asset held-for-capital appreciation or for development to earn rental income in the future.

The fair value of industrial and commercial properties, as measured by the independent valuers, is recognised as a separate asset to account for deferred rental income which is recognised due to the straight-line treatment of operating lease income less the costs of any free periods or incentives offered to secure new tenants, spread across the entire lease term.

Accordingly, the total fair value of the properties as measured by the independent valuers equals the investment property asset and deferred rental income.

The fair values of the Group's investment properties are categorised into level 3 of the fair value hierarchy. During the year, there was no transfers between the investment categories (2020: Nil).

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

(iv) Valuation techniques used to determine level 3 fair values
The Group obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the Group updates its assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. Management applies judgments in deriving investment properties' fair value.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

A reasonably possibly change of 1% in the market price of investment properties will have an effect on change in the net profit for the year amounting to KD 279,449 (2020: KD 278,133).

6. DEVELOPING PROPERTIES

Developing properties represent residential properties owned by FB Janabiya Residential Development Company W.L.L. (FBJ) (a subsidiary). The properties consist of a 14,240 square meter master plot, which the subsidiary subdivided into 42 plots on which it built 42 villas, branded as the El Mercado Village. As of 31 December 2021, 9 villas remained in inventory (31 December 2020: 14).

For the year ended 31 December	2021 KD	2020 KD
Balance at the beginning of the year	**1,879,026**	2,579,398
Additions during the year	**-**	64,120
Cost of units sold	**(672,351)**	(766,383)
Foreign currency translation differences	**5,649**	1,891
Balance at the end of the year	**1,212,324**	1,879,026

7. TRADE AND OTHER RECEIVABLES

As at 31 December	2021 KD	2020 KD
Accrued rental income	**598,174**	596,293
Less: write offs during the year	**(2,956)**	(45,908)
Less: loss allowance (note 3.1b)	**(161,686)**	(172,024)
	433,532	378,361
Prepaid expenses	**48,480**	43,403
	482,012	421,764

Movements in the loss allowance of accrued rental income provided for amounted to KD 8,395 (2020: KD 114,072).

8. WEKALA DEPOSITS

As at 31 December	2021 KD	2020 KD
Short term wekala deposits	**1,712,659**	2,192,590

Wekala deposits are placed with Islamic banks in the Kingdom of Bahrain. Wekala deposits carry effective average annual profit rate of 2.65% (2020: 2.63%). Wekala deposits have original maturity of more than 3 months.

9. CASH AND CASH EQUIVALENTS

As at 31 December	2021 KD	2020 KD
Cash on hand	**609**	645
Bank balances	**570,271**	723,147
	570,880	723,792

10. SHARE CAPITAL

The authorised, issued and paid share capital as at 31 December 2021 is KD 21,225,191 (2020: KD 21,225,191) consisting of 212,251,910 (2020: 212,251,910 shares) shares of 100 fils each.

11. STATUTORY RESERVE

As required by the Companies Law, its executive regulations and the Parent Company's articles of association, 10% of the profit for the year before provisions for contribution to KFAS, Zakat and board of directors' remuneration is to be transferred to statutory reserve after recovering accumulated losses. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of paid up share capital.

Only that part of the reserve in excess of 50% of paid up share capital is freely distributable. Distribution of the balance of the reserve is limited to the amount required to enable the distribution to shareholders of 5% of paid up share capital to be made in years when accumulated profits are not sufficient for the distributions to shareholders of that amount.

During the year, KD Nil has been transferred to statutory reserve (2020: KD 87,162).

12. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve is recognised in other comprehensive income when the results and financial position of all foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position;

(ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income.

13. ISLAMIC FINANCE PAYABLES

Islamic finance payables represent various structures arranged through Islamic banks in the Kingdom of Bahrain. The combined average cost of the financing is 7% (2020: 7 %).

Islamic finance payables are secured over investment properties with a carrying amount of KD 24,141,498 (31 December 2020: KD 23,741,416) (note 5).

Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

For the year ended	2021 KD	2020 KD
Opening balance	**8,359,733**	6,587,116
Proceeds during the year	**441,951**	1,785,221
Repayments	**(211,899)**	(23,182)
Accrual of interest in the year	**32,280**	35,824
Foreign currency translation differences	**(11,189)**	(25,246)
	8,610,876	8,359,733
Islamic finance payables classified as follows:		
Long-term Islamic finance payables	**8,159,146**	8,053,645
Short-term Islamic finance payables	**451,730**	306,088
	8,610,876	8,359,733

The carrying value of Islamic finance payables (current and non-current) approximates their fair value.

14. TRADE AND OTHER PAYABLES

As at 31 December	2021 KD	2020 KD
Trade payables	**486,811**	183,790
Advance payments from tenants	**416,914**	267,821
Advance payments from villa sale	**13,449**	19,968
Accrued expenses	**79,941**	107,055
Staff payables	**19,807**	49,961
Due to KFAS and Zakat	**-**	17,703
Directors' remuneration (note 18)	**-**	30,000
	1,016,922	676,298

The carrying value of trade and other payables approximates their fair value.

15. NET RENTAL INCOME

Rental income is generated from properties developed by wholly owned subsidiaries Majaal Warehouse Company W.L.L. (MWC) and FB Janabiya Residential Development Company W.L.L. (FBJ) and First Kuwait Al Seef Real Estate Development Company W.L.L. (FK). MWC operates seven industrial buildings occupied by a diverse mix of small to medium sized enterprises. FBJ is operates a neighbourhood retail centre, branded as El Mercado Janabiya. FK operates a commercial property branded as El Balcón Mall. All rental properties are located within the Kingdom of Bahrain.

For the year ended 31 December	2021 KD	2020 KD
(a) Industrial Properties		
Average occupancy rate	**71.6%**	94%
Total leasable area (square meters)	**37,701**	37,701
Gross rental income	**898,967**	1,151,428
Cost of revenue	**(182,242)**	(230,668)
Net industrial rental income	**716,725**	920,760
(b) Commercial Properties (FBJ)		
Average occupancy rate	**91.5%**	89%
Total leasable area (square meters)	**4,569**	4,569
Gross rental income	**368,133**	382,059
Cost of revenue	**(123,979)**	(165,003)
Net commercial rental income (FBJ)	**244,154**	217,056
(c) Commercial Properties (FK)		
Average occupancy rate	**44.3%**	38%
Total leasable area (square meters)	**9,091**	4,299
Gross rental income	**415,786**	28,277
Cost of revenue	**(68,753)**	(5,018)
Net commercial rental income (FK)	**347,033**	23,259
Net commercial rental income from commercial properties	**591,187**	240,315
Total net rental income	**1,307,912**	1,161,075

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended 31 December	2021 KD	2020 KD
Analysis of revenue by category		
Residential Property Sales:		
Revenue from Sales	**711,717**	837,045
Cost of revenue from sales	**(672,351)**	**(766,383)**
Net revenue from sale of developing properties	**39,366**	**70,662**

Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

17. GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended 31 December	2021 KD	2020 KD
Staff cost	**421,161**	505,600
Professional fees	**89,599**	88,474
Depreciation	**46,688**	61,225
Write off during the year	**2,956**	45,908
Occupancy expenses	**13,560**	9,725
Other expenses	**39,972**	34,216
	613,936	745,148

18. RELATED PARTY TRANSACTIONS

Related parties represent shareholders that have representation in the Parent Company's Board of Directors and their close relatives, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out on terms approved by Parent Company's management and at an arm's length term.

The related parties' transactions included in the consolidated statement of comprehensive income are as follows:

For the year ended 31 December		
Significant transactions included in the consolidated statement of comprehensive income	**2021 KD**	2020 KD
Key management compensation		
Salaries and other short-term benefits	**192,422**	212,524
End of service benefits	**11,549**	11,226
Directors' remuneration	**-**	30,000
	203,971	**253,750**

19. SEGMENTS INFORMATION

The Board of Directors is the Group's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

The Group is divided into divisions to manage its various activities. For the purposes of segment reporting, the Group's management has classified the Group's services into the following:

- Real estate operations: consisting of trading, developing, leasing and managing real estate and rental of investment properties.
- Non-real estate operations: consisting of investment in various Islamic financial instruments, mainly unquoted funds and wekala.

There are no inter-segment transactions. The following tables present assets, liabilities, income, and expenses information regarding the Group's operating segments for the years ended 31 December 2021 and 31 December 2020 respectively.

31 December 2021	Real estate activities KD	Non-real estate activities KD	Total KD
Allocated income	**2,470,852**	**105,060**	**2,575,912**
Allocated expenses	**(3,162,142)**	**-**	**(3,162,142)**
Segment results	**(691,289)**	**105,059**	**(586,230)**
Assets	**30,355,555**	**1,712,659**	**32,068,214**
Liabilities	**9,763,845**	**-**	**9,763,845**
Capital expenditure	**853,388**	**-**	**853,388**

31 December 2020	Real estate activities KD	Non-real estate activities KD	Total KD
Allocated income	2,989,000	140,075	3,129,075
Allocated expenses	(2,304,189)	-	(2,304,189)
Segment results	684,811	140,075	824,886
Assets	30,930,830	2,192,590	33,123,420
Liabilities	9,218,576	-	9,218,576
Capital expenditure	1,673,452	-	1,673,452

20. IMPACT ASSESSMENT OF COVID-19

The existence of the novel coronavirus (COVID-19) was confirmed in early 2020 and was subsequently declared a pandemic by the World Health Organisation. Measures taken to contain and slow the spread of the virus have significantly impacted global economic activity as it necessitated global travel restrictions and lockdown measures in most countries of the world between February and May 2020 which in turn have impacted the real estate industry. Due to the unprecedented adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries, including the Kingdom of Bahrain, started to gradually ease the lock down restrictions and open up for movement of people starting May 2020 onwards in a restricted way.

Business continuity planning

The Group has a documented business continuity plan to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group monitors the COVID-19 situation and takes timely decisions to resolve any concerns. Remote working arrangements have been put in place allowing staff to carry on their business-related activities remotely.

Liquidity management and going concern assessment

Economic stress in the markets brought on by the COVID-19 crisis is being felt globally through lack of liquidity in the markets. In this environment, the Company has introduced proactive comprehensive measures to address and mitigate key financial issues arising from the current situation, including compensating cost saving measures and reductions to discretionary capital expenditure. The Group has already taken measures to manage its liquidity carefully by implementing various controls in the 'treasury process'. These measures also include obtaining credit facilities from the banks to satisfy its working capital needs, capital expenditure and other liquidity requirements associated with its existing operations. The Group has been closely monitoring the cash flows and forecasts on regular basis. Management believes that the Group doesn't have a going concern risk.

Government grants

The Group benefits from the government grants provided to support the companies in the private sector during the COVID-19 crisis. Government grants are represented in the payment of local employees' salaries and the waiver of utility bills. The salary support provided in 2021 was KD 21,162 (2020: KD 61,772). No government grants in the form of waived utility bills were

received in 2021 (2020: KD 29,113). The combined total of government support received during 2021 was KD 21,162 (2020: KD 90,885) which is included as part of other income in the accompanied consolidated statement of comprehensive income.

Rent Concessions

During the year, the Group provided rent concessions to certain tenants on the basis of need and in relation to impact from the COVID-19 crisis in the amount of KD 52,348 (2020: KD 121,376).

Valuation of investment properties

The valuation of the investment properties are based on local market conditions existing at the reporting date. The valuation is based upon valuations performed by accredited independent property valuers who hold recognised and relevant professional qualifications and who have current experience in the location of the investment properties. The valuations acknowledge that the COVID-19 pandemic adds uncertainty to the value, but given the long-term nature of the assets, the Group does not see a material negative impact at the reporting date.

The impact of COVID-19 continues to evolve; hence the effects of COVID-19 may not be fully reflected in the Group's consolidated financial results until future periods. The Group is taking proactive measures to monitor and manage the situation to the best of its abilities to support the long-term continuity of its business.