Al-Durra Islamic Fund
Fund Manager – KAMCO Investment Company K.S.C. (Public)
(Formerly: Global Investment House K.S.C.C.)
Kuwait

Annual Financial Statements and Independent Auditor's Report

31 December 2019

Index

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INDEPENDENT AUDITOR'S REPORT TO THE FUND MANAGER

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al-Durra Islamic Fund ("the Fund") Fund Manager – KAMCO Investment Company K.S.C. (Public) (Formerly: Global Investment House K.S.C.C.), which comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code),* and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Fund Manager for the Financial Statements

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

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund'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 the Unit Holders either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Fund Manager is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Al-Durra Islamic Fund
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INDEPENDENT AUDITOR'S REPORT TO THE FUND MANAGER (Continued)

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 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.

- Conclude on the appropriateness of the Fund Manager'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

We communicate with Fund Manager 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 Fund and the financial statements are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit, and that the financial statements incorporate all information that is required by the Funds' Articles of Association and that, to the best of our knowledge and belief, no violations of the Articles of Association have occurred during the year ended 31 December 2019 that might have had a material effect on the business of the Fund or on its financial position.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2019, that might have had a material effect on the business of the Fund or on its financial position.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al-Wazzan & Co.

Kuwait
10 February 2020

Al-Durra Islamic Fund
Fund Manager – KAMCO Investment Company K.S.C. (Public)
(Formerly: Global Investment House K.S.C.C.)
Kuwait

Statement of Financial Position as at 31 December 2019

	Notes	Kuwaiti Dinars **31 December 2019**	Kuwaiti Dinars **31 December 2018**
Assets			
Cash at banks	3	2,408,347	2,253,494
Investments at fair value through profit or loss	4	34,261,764	27,659,658
Other receivables	5	334,611	389,927
Total assets		37,004,722	30,303,079
Liabilities			
Other payables	6	105,159	94,029
Total liabilities		105,159	94,029
Equity			
Share capital	7	22,667,687	22,705,352
Equalization reserve	7	33,350,839	33,366,015
Accumulated loss		(19,118,963)	(25,862,317)
Total equity		36,899,563	30,209,050
Total liabilities and equity		37,004,722	30,303,079
Net asset value per redeemable unit	8	1.628	1.330

The accompanying notes 1 to 15 form an integral part of these financial statements.

Fund Manager
KAMCO Investment Company K.S.C. (Public)

Fund Custodian
Gulf Custody Company K.S.C.C

Al-Durra Islamic Fund
Fund Manager – KAMCO Investment Company K.S.C. (Public)
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Kuwait

Statement of Profit or Loss and other Comprehensive Income – Year ended 31 December 2019

	Note	Kuwaiti Dinars 2019	2018
Income			
Investments at fair value through profit or loss			
- realized gain		816,122	302,627
- unrealized gain		5,246,155	705,368
Dividend income		1,129,308	1,732,219
Other income		10	60
		7,191,595	2,740,274
Expenses			
Management fees	9	(330,672)	(352,743)
Custodian fees	10	(41,029)	(44,119)
Other operating expenses		(76,540)	(39,996)
		(448,241)	(436,858)
Profit for the year		6,743,354	2,303,416
Other comprehensive income		-	-
Total comprehensive income for the year		6,743,354	2,303,416

The accompanying notes 1 to 15 form an integral part of these financial statements.

Al-Durra Islamic Fund
Fund Manager – KAMCO Investment Company K.S.C. (Public)
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Statement of Changes in Equity - Year ended 31 December 2019

	Kuwaiti Dinars			
	Share capital	**Equalization reserve**	**Accumulated loss**	**Total**
As at 1 January 2019	22,705,352	33,366,015	(25,862,317)	30,209,050
Redemptions during the year	(37,665)	(15,176)	-	(52,841)
Total comprehensive income for the year	-	-	6,743,354	6,743,354
As at 31 December 2019	22,667,687	33,350,839	(19,118,963)	36,899,563
As at 1 January 2018	33,254,323	36,465,801	(28,165,733)	41,554,391
Redemptions during the year	(10,548,971)	(3,099,786)	-	(13,648,757)
Total comprehensive income for the year	-	-	2,303,416	2,303,416
As at 31 December 2018	22,705,352	33,366,015	(25,862,317)	30,209,050

The accompanying notes 1 to 15 form an integral part of these financial statements.

Al-Durra Islamic Fund
Fund Manager – KAMCO Investment Company K.S.C. (Public)
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Statement of Cash Flows - Year ended 31 December 2019

	Notes	Kuwaiti Dinars 2019	2018
Cash flows from operating activities			
Net cash (paid)/received for purchase/sale of investments at fair value through profit or loss		(479,513)	14,665,146
Cash dividend received		1,129,308	1,732,219
Other Income		10	60
Management fees paid		(319,531)	(441,084)
Custodian fees paid		(39,693)	(48,294)
Other operating expenses paid		(82,887)	(38,782)
Net cash from operating activities		207,694	15,869,265
Cash flows from financing activities			
Cash paid on redemptions of redeemable units		(52,841)	(13,689,420)
Net cash used in financing activities		(52,841)	(13,689,420)
Net increase in cash and cash equivalents		154,853	2,179,845
Cash and cash equivalents at:			
beginning of the year		2,253,494	73,649
end of the year	3	2,408,347	2,253,494

The accompanying notes 1 to 15 form an integral part of these financial statements.

1. Incorporation and objectives

Al-Durra Islamic Fund (the Fund) is an open ended investment fund, incorporated on 13 November 2003. The Fund is regulated by Capital Market Authority established under Law No. 7 of 2010.

The Fund manager is Fund Manager – KAMCO Investment Company K.S.C. (Public) (Formerly: Global Investment House K.S.C.C.) and the Fund Custodian is Gulf Custody Company K.S.C.C.

The term of the Fund expires on 19 March 2023.

The Fund Manager's registered office is located at Sharq, Al Shuhada street in the state of Kuwait.

The Fund has no employees.

The objective of the Fund is to achieve capital appreciation by investing in Shari'a compliant local shares which are listed on the Boursa Kuwait, Initial Public Offerings, Islamic funds and other Islamic instruments.

The financial statements have been approved for issue by the Fund Manager and Fund Custodian on 10 February 2020.

2. Basis of preparation and Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards - IFRS (International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee) under the historical cost convention modified by the revaluation of financial instruments classified as "at fair value through profit or loss".

2.2 New and revised IFRSs effective from 1 January 2019

The accounting policies used in the preparation of these financial statements are consistent with those used in the previous year except for the adoption of the following new revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019.

Adoption of IFRS 16: Leases

The Fund has adopted IFRS 16 Leases effective from 1 January 2019. IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The adoption of this standard has no effect on the Fund's financial statements.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2019 did not have any material impact on the accounting policies, financial position or performance of the Fund.

2.3 New and revised IFRSs in issue but not yet effective

The Fund has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

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

New and revised IFRSs	**Effective for annual periods beginning on or after**
Definition of a Business – Amendments to IFRS 3 *Business Combinations*	January 1, 2020
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	
The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.	
Amendments to references to the Conceptual Framework in IFRS Standards.	January 1, 2020
Amendments to references to the Conceptual Framework in IFRS Standards related to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments	January 1, 2020
Amendments regarding pre-replacement issues in the context of the IBOR reform	

The Fund Manager assess that these new Standards, Interpretations and amendments will have no impact on the financial statements of the Fund.

2.4 Financial Instruments

Classification and Measurement of Financial assets

The Fund determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Fund's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

The Fund assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Fund classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost
- Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets carried at Amortised cost:

A financial asset is carried at amortised cost if it meets both of the following conditions:

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

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognised in the statement of profit or loss and other comprehensive income.

Financial assets carried at fair value through profit or loss:

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the statement of profit or loss and other comprehensive income. Dividend income from equity investments measured at FVTPL is recognised in the statement of profit or loss and other comprehensive income when the right to the payment has been established.

Reclassification of financial assets

The Fund does not reclassify its financial assets subsequent to their initial recognition.

Recognition and de-recognition

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. A financial asset (in whole or in part) is de-recognised when the right to the cash flows from the financial asset expires or, when the Fund transfers substantially all the risks and rewards of ownership. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A regular way purchase and sale of financial assets are recognized using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Impairment of financial assets

The Fund applies 'Expected Credit Loss' (ECL) model under IFRS 9 for cash and cash equivalents measured at amortised cost using the general approach. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money and reasonable and supportive information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General approach

The Fund applies three stage approach to measure ECL as follows:

Stage 1: 12-month ECL

The Fund measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Fund considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Stage 2: Lifetime ECL – not credit impaired

The Fund measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired.

Stage 3: Lifetime ECL – credit impaired

The Fund measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12 month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

Determining the stage of impairment

At each reporting date, the Fund assesses whether a financial asset or group of financial assets is credit impaired. The Fund considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due.

At each reporting date, the Fund also assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk.

Measurement of ECLs

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cash flows due to the Fund in accordance with the contract and the cash flows that the Fund expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Fund estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward looking macro-economic scenarios etc.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for financial assets carried at amortised cost.

Fair values

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

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

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

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

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

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

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

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

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

For the purpose of fair value disclosures, the fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.5 Cash and cash equivalents

Cash in hand and demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the statement of cash flows.

2.6 Redeemable units

The Fund issues redeemable units, which are redeemable at the holder's option and are classified as equity in accordance with the amendment to IAS 32. The redeemable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value.

If the redeemable units' terms or conditions change such that they do not comply with the strict criteria contained in the amendment, the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

The units are issued and redeemed at the holders' option at prices based on the Fund's net assets value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the total equity with the total number of outstanding redeemable units.

2.7 Revenue recognition

Gains and losses on sale of investments represent the difference between the selling price and the investment's carrying value. Realized gains or losses are recognized in the statement of profit or loss and other comprehensive income.

Dividend income is recognized when the right to receive payment is established.

Profit income is recognized using the effective yield method.

2.8 Distributions payable to unit holders

Dividend distribution to the Fund's unit holders is recognised as a liability in the Fund's financial statements in the period in which dividends are approved by the regulatory authority.

2.9 Foreign currencies

Fund's functional currency is the Kuwaiti Dinar. Foreign currency transactions are recorded in Kuwaiti Dinars at the exchange rates prevailing at the trade date of the transactions. Monetary assets and liabilities in foreign currencies at year end are converted into Kuwaiti Dinars at the exchange rates prevailing at the statement of financial position date. Resultant exchange gains or losses are taken to the statement of profit or loss and other comprehensive income.

2.10 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that may affect amounts reported in these financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies.

Measurement of the expected credit loss allowance

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. Cash at banks

This represent balances with local Islamic banks.

4. Investments at fair value through profit or loss

Investments at FVTPL represents investment in equities listed in the Kuwait Boursa.

The sectoral classification of investments at fair value through profit or loss is as follows:

	Kuwaiti Dinars	
	31 December 2019	**31 December 2018**
Banks	10,230,744	5,950,269
Industrial	10,810,353	11,260,887
Basic Material	1,602,826	2,275,071
Real estate	5,441,606	4,238,252
Telecommunication	5,276,395	3,277,700
Oil and Gas	899,840	657,479
	34,261,764	27,659,658

5. Other receivables

	Kuwaiti Dinars	
	31 December 2019	**31 December 2018**
Balance receivable from broker	329,608	389,924
Prepaid expenses	5,000	-
Others	3	3
	334,611	389,927

6. Other payables

	Kuwaiti Dinars	
	31 December 2019	**31 December 2018**
Accrued management fees	90,898	79,757
Accrued custodian fees	11,237	9,901
Others	3,024	4,371
	105,159	94,029

7. Share capital

The Fund is an open ended fund with fund capital varying from 5,000,000 to 200,000,000 units (31 December 2018: 5,000,000 to 200,000,000 units) with nominal value of KD 1 per unit (31 December 2018: KD 1 per unit). These units are issued and redeemed at the unit holders' option at prices based on the value of the Fund's net assets at the time of issue/ redemption which is done on a weekly basis.

As of 31 December 2019 one unit holder holds 17,016,394 units representing 75.06% (31 December 2018: one unit holder holds 17,016,394 units representing 74.9%) of the issued units of the Fund. The movement analysis of redeemable units is as below:

	Number of units	
	31 December 2019	**31 December 2018**
Balance at beginning of year	22,705,352	33,254,323
Redemptions during the year	(37,665)	(10,548,971)
Balance at end of year	22,667,687	22,705,352

Equalization reserve

Shortfalls/ surpluses of par value on subscriptions/ redemptions are taken to the equalization reserve.

8. Net asset value per redeemable unit

	31 December 2019	**31 December 2018**
Net assets attributable to redeemable unit holders-(Kuwaiti Dinar)	36,899,563	30,209,050
Number of units	22,667,687	22,705,352
Net asset value per redeemable unit (Kuwaiti Dinar)	1.628	1.330

Net assets attributable to redeemable unit holders represent the total equity of the Fund.

9. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Fund manager is paid an annual fee of 1% (2018: 1%) of the Fund's net asset value calculated weekly and paid quarterly. The Fund Manager is also paid a fee of up to 2% on subscriptions as a placement agent.

Transaction with Fund Manager is disclosed in the statement of profit or loss and other comprehensive income and related accruals including subscription fees are disclosed in note 5. The Fund Manager has not subscribed for any units during the year.

The Fund Manager is required to hold a minimum of KD 250,000 of the Fund's subscribed units subject to a maximum of 75%. As at 31 December 2019, Fund Manager holds 5,292,224 redeemable units representing 23.34% of outstanding units (31 December 2018: 5,292,224 redeemable units representing 23.30% of outstanding units).

10. Fund custodian

The Fund Custodian is paid an annual fee of 0.125% (2018: 0.125%) of the Fund's net asset value calculated weekly and paid on quarterly basis.

11. Fair value of financial instruments

The Fund's assets and liabilities include the following financial instruments acquired in the normal course of business:

Cash at banks
Investments at fair value through profit or loss
Other receivables
Other payables

Fair value

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

The following table shows an analysis of investments at fairs value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
31 December 2019	34,261,764	-	-	34,261,764
31 December 2018	27,659,658	-	-	27,659,658

For financial instruments carried at amortized cost, fair values are not materially different from their carrying values and is used only for disclosure purpose. Fair value of such financial instruments are classified under level 3 determined based on discounted cash flow basis, with most significant inputs being the discount rate that reflects the credit risk of counterparties.

12. Financial risk management

The Fund's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Fund maintains positions in a variety of financial instruments based on the Fund Manager's investment management strategy, which is primarily driven by the Fund's investment objective as described in note 1. Asset allocation is determined by the Fund Manager who manages the distribution of the assets to achieve those objectives. Risk management is carried out by the Fund Manager in accordance with the policies and procedures in place.

The significant risks that the Fund is exposed to are discussed below:

Market risk

Market risk is the risk that an enterprise may incur financial losses due to adverse movements in market price of investments, profit rates and foreign currency rates. The Fund's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments. According to the Fund's Articles of Association, the Fund is required to adopt a balanced investment policy through a careful selection of securities and other financial instruments within specified limits that aims to reduce market risk. The Fund's overall market positions are monitored on a regular basis by the Fund Manager.

(a) *Equity price risk*

Equity price risk is the risk that value of the instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market. The Fund is exposed to equity price risk because majority of the Fund's financial assets are quoted equity investments held and classified in the statement of financial position as fair value through profit or loss and therefore all changes in market conditions will directly affect statement of profit or loss and other comprehensive income. The Fund Manager moderates this risk through a careful selection of securities with specified sectoral limits within the local market. Details of investments at fair value through profit or loss and sectoral classification of listed equity investments at the statement of financial position date are disclosed in note 4.

More than 99% (31 December 2018: 99%) of the Fund's equity investments are listed in the Kuwait Stock Exchange. A 5% increase/decrease in equity indices, with all other variables held constant, would have increased/ decreased the net profit for the year by KD 1,855,923 (2018: KD 1,382,983).

(b) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Fund has no financial instruments with profit rate risk and therefore, the Fund is not exposed to profit rate risk.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not hold assets denominated in currencies other than the Kuwaiti Dinar, the functional currency. Therefore, the Fund is not exposed to currency risk.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amounts of financial assets best represent the maximum credit risk exposure at the statement of financial position date. At the reporting date, the Fund's financial assets exposed to credit risk amounted to the following:

	Kuwaiti Dinars	
	31 December 2019	**31 December 2018**
Bank balances	2,408,347	2,253,494
Other receivables	334,611	389,927
	2,742,958	2,643,421

As on 31 December 2019, the total financial assets exposed to credit risk represents balances with local Islamic banks and other receivables. The Fund minimizes credit risk by placing funds with financial institutions of high credit rating and transacting principal business with counter parties of repute.

All Bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions of investment grade rating.

The Fund has assessed the lifetime ECL on for other receivables in accordance with the simplified approach set out in IFRS 9, and the effect is not material to the financial statements.

The Fund categories other receivables as default when the amount is >90 days past due or there is evidence indicating the asset is credit-impaired. The amount is written off when there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Fund's liabilities mature within a period less than three months. The Fund's constitution also provides for weekly redemption and is therefore exposed to liquidity risk of meeting unit holders' redemptions at any time.

The Fund Manager's policy to manage liquidity risk is as follows:

1. Investing majority of its assets in investments that are traded in an active market and can be readily disposed of.

2. To have liquid assets equal to anticipated redemptions.

3. The Fund's redemption policy only allows for redemptions on every Thursday and unit-holders must provide three days' notice.

4. The Fund may also arrange for short term finance of up to ten percent (10%) of the Funds total value to meet maturing commitments or for redemption of units.

As at the reporting date 99.10% (31 December 2018: 99.25%) of the total assets of the Fund are liquid, comprising of bank balance and quoted equity investments traded in an active market. All the assets and liabilities are short term in nature.

13. Capital risk management

The Fund defines capital as the total equity as shown in the statement of financial position. The amount of capital can change significantly as the Fund is subject to periodical subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitor the level of weekly subscriptions and redemptions relative to assets it expects to be able to liquidate within three months and adjust the amount of distributions the Fund pays to redeemable unit holders.

- Redeem and issue new units in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Fund Manager monitors capital on the basis of the value of net assets attributable to redeemable unit holders.

14. Segment information

The Fund is organized into one business segment, which is investing primarily in the shares of Sharia'a compliant companies listed on the Kuwait Stock Exchange, Initial Public Offerings, Islamic funds and other Islamic instruments. The Fund maintains all assets and liabilities inside Kuwait.

15. Taxation

The Fund is not subject to taxation in Kuwait.