Privatization Holding Company - K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated financial statements and independent auditor's report
For the year ended 31 December 2022

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Contents

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Independent Auditor's Report

To the Shareholders of Privatization Holding Company - K.P.S.C.
State of Kuwait

Report on Audit of the Consolidated Financial Statements

Opinion

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

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

Basis 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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a matter

We draw attention to Note No. (24) to the accompanying consolidated financial statements regarding a claim letter from National Bank of Kuwait as a creditor to initiate execution procedures on the funds of another party and the guarantors. Our opinion is not qualified with respect to this matter.

Other matter

The consolidated financial statements of Privatization Holding Company – K.P.S.C. for the year ended 31 December 2021 were audited by another auditor who expressed an unqualified opinion on such consolidated financial statements on 22 March 2022.

Key Audit Matters

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

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Independent Auditor's Report (Continued)

Key Audit Matters (Continued)

Impairment of investment in associates

The Group exercises significant influence over certain entities assessed to be associates with carrying value of KD 59,034,017 as at 31 December 2022. Investment in associates are accounted for under the equity method of accounting and management determines at the end of each reporting period the existence of any objective evidence through which the Group's investment in associates may be impaired. If there is an indication that the Group's interest in associate might be impaired, the management compares the entire carrying amount of the investment in associate to its recoverable amount.

As at 31 December 2022, management identified an impairment trigger for its listed associates where the carrying amount of the investment was higher than its fair value based in prevailing market price. Management therefore performed an impairment assessment to calculate the value in use.

The Group's management had performed an impairment testing which resulted in an impairment loss of KD 2,643,578. Accordingly, impairment loss has been recorded in the consolidated statement of profit or loss for the year ended 31 December 2022.

Giving the significant judgments and estimates involved in assessing the recoverable amounts of investment in associates, we have considered this as a key audit matter. Our audit procedures included, among others, evaluate management assessments whether objective evidence of impairment existed in relation to the Group's interest in the associates and the qualitative and quantitative factors used such as the investee's financial performance including dividends, market, economic or legal environment in which the associate operate.

We reviewed and evaluated the significant assumptions and valuation methods used by management, and the reasonableness and appropriateness of those assumptions and methods.

We focused on the adequacy of disclosures included in Note 11 to the consolidated financial statements.

Other information included in the Group's annual report for the financial year ended 31 December 2022

Management is responsible for the other information. Other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We have obtained the report of the Group's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the annual report after the date of our auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and adopting 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.

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Independent Auditor's Report (Continued)

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 the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 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.

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

Among the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore considered as a key audit matter. We disclosed these matters in our auditor's report unless local laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (Continued)

Report on other legal and regulatory requirements

In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance with the Parent Company's books. We further report that we obtained the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2022 that might have a material effect on the Group's financial position or its business.

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 violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority, its related regulations and the related instructions, as amended, during the year ended 31 December 2022 that might have a material effect on the Group's financial position or its business.

Faisal Saqer Al Saqer
License No. 172 "A"
BDO Al Nisf & Partners

Kuwait: 29 March 2023

Consolidated statement of profit or loss
For the year ended 31 December 2022

	Note	2022 KD	2021 KD
Revenue:			
Revenue from sales and services		5,951,704	5,824,301
Unrealized loss from change in fair value of financial assets at fair value through profit or loss		(1,218,567)	(1,580,478)
Realized gain from sale of financial assets at fair value through profit or loss		71,740	204,263
Dividend income		689,172	446,079
Change in fair value of investment property	10	-	11,639
Loss on sale of investment property	10	(3,486)	-
Group's share of results from associates	11	1,831,550	3,173,351
Gain from sale of investment in associates		-	53,725
Interest income		863	2,120
Foreign exchange (loss) / gain		(155,528)	15,497
Other income		68,459	334,844
Total revenue		7,235,907	8,485,341
Expenses and other charges:			
Cost of sales and services		(8,051,156)	(8,086,213)
General and administrative expenses	6	(2,457,955)	(2,406,905)
Provision for expected credit losses	13	(87,768)	(184,951)
Impairment loss on investment in associates	11	(2,643,578)	-
Gain / (loss) from sale of property, plant and equipment		1,855	(80,706)
Portfolio management fees		(40,207)	(38,163)
Finance costs		(1,328,016)	(1,357,223)
Total expenses and other charges		(14,606,825)	(12,154,161)
Net loss for the year		(7,370,918)	(3,668,820)
Attributable to:			
Shareholders of the Parent Company		(6,288,114)	(2,432,465)
Non-controlling interests	5	(1,082,804)	(1,236,355)
Net loss for the year		(7,370,918)	(3,668,820)
Basic and diluted loss per share attributable to the Shareholders of the Parent Company (fils)	7	(10.31)	(3.99)

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 KD	2021 KD
Net loss for the year		(7,370,918)	(3,668,820)
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Exchange differences on translating of foreign operations		79,117	(23,116)
Group's share of other comprehensive income of associates	11	875,317	538,751
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")		(304,059)	(865,811)
Total other comprehensive income / (loss) for the year		650,375	(350,176)
Total comprehensive loss for the year		(6,720,543)	(4,018,996)
Attributable to:			
Shareholders of the Parent Company		(5,630,452)	(2,774,586)
Non-controlling interests		(1,090,091)	(1,244,410)
Total comprehensive loss for the year		(6,720,543)	(4,018,996)

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

Consolidated statement of financial position
As at 31 December 2022

	Note	2022	2021
		KD	KD
Assets			
Non-current assets:			
Property, plant and equipment	8	**11,224,282**	11,445,080
Intangible assets	9	**12,472**	135,645
Investment property	10	**-**	127,829
Investment in associates	11	**59,034,017**	55,492,520
Financial assets at fair value through other comprehensive income	12	**1,957,349**	2,550,218
Accounts receivable and other debit balances	13	**3,486,547**	6,762,573
Total non-current assets		**75,714,667**	76,513,865
Current assets:			
Inventories		**1,761,455**	1,105,361
Accounts receivable and other debit balances	13	**18,417,762**	19,543,907
Financial assets at fair value through profit or loss	14	**20,696,405**	22,239,374
Cash and cash equivalents	15	**1,076,916**	1,708,970
Total current assets		**41,952,538**	44,597,612
Total assets		**117,667,205**	121,111,477
Equity and liabilities			
Equity			
Capital	16	**61,000,000**	61,000,000
Share premium	16	**17,374,869**	24,761,544
Statutory reserve	17	**1,590,532**	1,590,532
General reserve	18	**-**	3,200,595
Fair value reserve of financial assets at FVOCI		**(5,695,488)**	(4,720,024)
Foreign currency translation reserve		**829,456**	490,269
Other reserves		**(548,894)**	(1,913,546)
Accumulated losses		**(6,225,971)**	(10,587,270)
Equity attributable to shareholders of the Parent Company		**68,324,504**	73,822,100
Non-controlling interests	5	**(1,770,820)**	(680,777)
Total equity		**66,553,684**	73,141,323
Liabilities			
Non-current liabilities:			
Employees' end of service benefits		**1,468,481**	1,412,242
Term loans	19	**1,773,611**	5,199,250
Accounts payable and other credit balances	20	**5,891,943**	5,118,094
Total non-current liabilities		**9,134,035**	11,729,586
Current liabilities:			
Term loans	19	**20,509,840**	20,884,521
Bank overdraft	21	**1,417,256**	717,362
Accounts payable and other credit balances	20	**20,052,390**	14,638,685
Total current liabilities		**41,979,486**	36,240,568
Total liabilities		**51,113,521**	47,970,154
Total equity and liabilities		**117,667,205**	121,111,477

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

Mansour Khalawi Alfadhli
Chairman

Consolidated statement of changes in equity
For the year ended 31 December 2022

	Equity attributable to Shareholders of the Parent Company										
	Capital	Share premium	Statutory reserve	General reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total Equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
As at 31 December 2021	61,000,000	24,761,544	1,590,532	3,200,595	(4,720,024)	490,269	(1,913,546)	(10,587,270)	73,822,100	(680,777)	73,141,323
Net loss for the year	-	-	-	-	-	-	-	(6,288,114)	(6,288,114)	(1,082,804)	(7,370,918)
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at FVOCI	-	-	-	-	(292,619)	-	-	-	(292,619)	(11,440)	(304,059)
Exchange differences on translating of foreign operations	-	-	-	-	-	79,117	-	-	79,117	-	79,117
Group's share of other comprehensive (loss) / income of associates (Note 11)	-	-	-	-	(682,845)	260,070	1,293,939	-	871,164	4,153	875,317
Other comprehensive (loss) / income for the year	-	-	-	-	(975,464)	339,187	1,293,939	-	657,662	(7,287)	650,375
Total comprehensive (loss) / income for the year	-	-	-	-	(975,464)	339,187	1,293,939	(6,288,114)	(5,630,452)	(1,090,091)	(6,720,543)
Transfer from share premium and general reserve to set off accumulated losses (Note 22)	-	(7,386,675)	-	(3,200,595)	-	-	-	10,587,270	-	-	-
Share of other reserves of associates (Note 11)	-	-	-	-	-	-	70,713	62,143	132,856	48	132,904
As at 31 December 2022	61,000,000	17,374,869	1,590,532	-	(5,695,488)	829,456	(548,894)	(6,225,971)	68,324,504	(1,770,820)	66,553,684

Consolidated statement of changes in equity
For the year ended 31 December 2022

	Equity attributable to Shareholders of the Parent Company										
	Capital	Share premium	Statutory reserve	General reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total Equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
As at 31 December 2020	61,000,000	24,761,544	1,590,532	3,200,595	(4,621,988)	582,696	(2,327,828)	(7,640,974)	76,544,577	532,897	77,077,474
Net loss for the year	-	-	-	-	-	-	-	(2,432,465)	(2,432,465)	(1,236,355)	(3,668,820)
Other comprehensive (loss) / income:											
Changes in fair value of financial assets at FVOCI	-	-	-	-	(855,486)	-	-	-	(855,486)	(10,325)	(865,811)
Exchange differences on translating of foreign operations	-	-	-	-	-	(23,116)	-	-	(23,116)	-	(23,116)
Group's share of other comprehensive income / (loss) of associates (Note 11)	-	-	-	-	61,445	(69,311)	544,347	-	536,481	2,270	538,751
Other comprehensive (loss) / income for the year	-	-	-	-	(794,041)	(92,427)	544,347	-	(342,121)	(8,055)	(350,176)
Total comprehensive (loss) / income for the year	-	-	-	-	(794,041)	(92,427)	544,347	(2,432,465)	(2,774,586)	(1,244,410)	(4,018,996)
Transferred to accumulated losses due to sale of financial assets at FVOCI	-	-	-	-	696,005	-	-	(407,002)	289,003	-	289,003
Share of other reserves of associates (Note 11)	-	-	-	-	-	-	(130,065)	(116,014)	(246,079)	(79)	(246,158)
Change in non-controlling interests	-	-	-	-	-	-	-	9,185	9,185	30,815	40,000
As at 31 December 2021	61,000,000	24,761,544	1,590,532	3,200,595	(4,720,024)	490,269	(1,913,546)	(10,587,270)	73,822,100	(680,777)	73,141,323

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated statement of cash flows
For the year ended 31 December 2022

	2022	2021
	KD	KD
OPERATING ACTIVITIES		
Net loss for the year	(7,370,918)	(3,668,820)
Adjustments for:		
Unrealized loss from change in fair value of financial assets at fair value through profit or loss	1,218,567	1,580,478
Realized gain from sale of financial assets at fair value through profit or loss	(71,740)	(204,263)
Dividend income	(689,172)	(446,079)
Change in fair value of investment property	-	(11,639)
Loss from sale of investment property	3,486	-
Group's share of results from associates	(1,831,550)	(3,173,351)
Gain from sale of investment in associates	-	(53,725)
Interest income	(863)	(2,120)
Foreign exchange loss / (gain)	155,528	(15,497)
Depreciation	425,764	464,114
Amortization	123,173	273,837
Provision for expected credit losses	87,768	184,951
Impairment loss on investment in associates	2,643,578	-
(Gain) / loss from sale of property, plant and equipment	(1,855)	80,706
Finance costs	1,328,016	1,357,223
Provision for employees' end of service benefits	103,723	126,581
	(3,876,495)	(3,507,604)
Changes in operating assets and liabilities:		
Inventories	(656,094)	368,092
Accounts receivable and other debit balances	(215,159)	(1,196,858)
Financial assets at fair value through profit or loss	396,142	1,964,637
Accounts payable and other credit balances	5,289,970	4,556,865
Cash flows from operating activities	938,364	2,185,132
Employees' end of service benefits paid	(47,484)	(20,768)
Net cash flows from operating activities	890,880	2,164,364
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(152,738)	(149,158)
Proceeds from sale of property, plant and equipment	51,400	467
Proceeds from sale of investment property	124,343	-
Purchase of investment in associates	(234,998)	(2,849,420)
Proceeds from sale of investment in associates	-	1,001,560
Financial assets at fair value through other comprehensive income	288,810	3,924,964
Dividend income received from associates	2,270,390	-
Dividend income received	689,172	446,079
Interest income received	863	2,120
Net cash flows from investing activities	3,037,242	2,376,612
FINANCING ACTIVITIES		
Proceeds from term loans	2,351,145	6,612,924
Repayments of term loans	(5,460,802)	(9,483,551)
Finance costs paid	(1,260,679)	(1,357,223)
Bank overdraft	(110,584)	(150,092)
Movement in minority interests	-	40,000
Net cash flows used in financing activities	(4,480,920)	(4,337,942)
Net (decrease) / increase in cash and cash equivalents	(552,798)	203,034
Foreign currency translation adjustments	(79,256)	12,850
Cash and cash equivalents at beginning of the year	1,708,970	1,493,086
Cash and cash equivalents at end of the year (Note 15)	1,076,916	1,708,970

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

1. Incorporation and activities

Privatization Holding Company - K.P.S.C. (the "Parent Company") is a Kuwaiti shareholding Company registered on 10 October 1994 and is listed on the Boursa Kuwait.

The Parent Company is licensed to:
- Invest in Kuwaiti and foreign shareholding companies and limited liability companies and to participate in the establishment and management of such entities.
- Lend to such entities and act as their guarantor.
- Utilization of excess funds in investment in financial portfolios or real estate portfolios through specialised parties inside or outside Kuwait.
- Invest in real estate, hold patents and copy rights, and advance loans to associates.
- Represent foreign consulting firms in local market.

The Group comprises the Parent Company and its subsidiaries. Details of subsidiaries are set out in Note 5.

The Parent Company registered office is located at Sharq, Ahmad Al-Jaber Street, Dar Al-Awadi Tower, 23 Floor, P.O. Box 4323, Safat 13104, Kuwait

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on 29 March 2023. The Annual General Assembly of the Parent Company's Shareholders has the power to amend these consolidated financial statements after issuance.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

a) New standards, interpretations, and amendments effective from 1 January 2022

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group.

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent onerous contracts.

Amendments to IFRS 3: Reference to the Conceptual Framework
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

a) New standards, interpretations, and amendments effective from 1 January 2022 (Continued)

Amendments to IFRS 3: Reference to the Conceptual Framework (Continued)

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the Parent Company's consolidated financial statements, based on the Parent Company's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the Parent Company acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

b) Standards and interpretations issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intend to adopt these new and amended standards, if applicable, when they become effective.

IFRS 17 – Insurance Contracts
This standard will be effective for annual periods beginning on or after 1 January 2023 and replaces IFRS 4 - Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

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

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
On 23 January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Annual improvements to IFRS Standards 2018-2020 cycles

The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

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

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

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

b) Standards and interpretations issued but not yet effective (Continued)

Annual improvements to IFRS Standards 2018-2020 cycles (Continued)

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

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

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

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

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

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

3. Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), IFRIC interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") and Companies Law No. 1 of 2016 and its Executive Regulations, as amended.

3.2 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for investment property, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that have been stated at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is the functional and presentation currency of the Parent Company.

3. Significant accounting policies (Continued)

3.2 Basis of preparation (Continued)

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

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

3.3 Classification of assets and liabilities to current and non-current

The Group presents the assets and liabilities in the consolidated statement of financial position based on their classification to current and non-current. The asset shall be current if:

a) Expected to be recognized, intended to be sold, or depreciated within the normal operational cycle.
b) Held primarily for the purpose of trading.
c) Expected to be recognized within twelve months following the reporting date, or
d) Cash and cash equivalents, unless its trading or usage is limited to settle an obligation for at least twelve months following the reporting date.

Except for the assets that are classified according to the above bases, all other assets shall be classified within the non-current assets.

The liability shall be deemed as current if it is:

a) Expected to be settled in the normal operating cycle;
b) Held primarily for the purpose of trading.
c) Expected to be settled within twelve months following the reporting date, or
d) There is no conditional right for postponing settlement of the liability for a period of at least twelve months after the reporting date.

Except for the liabilities classified under the basis described above, all other liabilities not satisfying the forgoing criteria are classified as non-current.

3.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (together the "Group").

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- Has power over the investee;
- Is exposed, or has rights to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

3. Significant accounting policies (Continued)

3.4 Basis of consolidation (Continued)

- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries.

Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. If the Group loses control over a subsidiary, it:

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

3.5 Revenue recognition

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

The Group follows a 5-step process:

- Identifying the contract with a customer.
- Identifying the performance obligations.
- Determining the transaction price.
- Allocating the transaction price to the performance obligations.
- Recognising revenue when / as performance obligations are satisfied.

3. Significant accounting policies (Continued)

3.5 Revenue recognition (Continued)

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

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

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

The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:
- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining whether control of an asset has been transferred:
- The Group has a present right to payment for the asset.
- The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

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

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

3. Significant accounting policies (Continued)

3.5 Revenue recognition (Continued)

Revenue for the Group arises from:

Sale of goods
Sales represent the total invoiced amount of goods sold during the year. Revenue from sale of goods is recognized when or as the Group transfers control of the goods to the customer. For standalone sales, that are neither customized by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Rendering of services
Revenue from service contracts is recognized when the service is rendered. Revenue is recognized over time where performance obligations are generally satisfied within the financial period.

Construction contracts
Revenue from construction contracts is recognized over time on a cost-to-cost method (input method), i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Profit is only recognized when the contract reaches a point where the ultimate profit can be estimated with reasonable certainty. Claims, variation orders and incentive payments are included in the determination of contract profit when approved by contract owners. Anticipated losses on contracts are recognized in full as soon as they become apparent.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

Production revenue
Production revenue are recognised on sale of serials / projects rendering the service. Revenue are recognised at a point in time when the performance obligations are satisfied on transferred to the customer.

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

Revenue on sale of property
Revenue on sale of property is recognized on the basis of the full accrual method as and when all of the following conditions are met:
- A sale is consummated and contracts are signed;
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- The Group has transferred control to the buyer; and
- Work to be completed is either, easily measurable and accrued or is not significant in relation to the overall value of the contract.

Gain on sale of investments
Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investments at the date of disposal and is recognized at the same date of the sale.

3. Significant accounting policies (Continued)

3.5 Revenue recognition (Continued)

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

Interest income
Interest income is recognized on a time apportionment basis using the effective interest method.

Other income and expenses
Other income and expenses are recognized on an accrual basis.

3.6 Borrowing costs

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

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

3.7 Kuwait Foundation for the Advancement of Sciences (KFAS)

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

3.8 National Labor Support Tax (NLST)

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

3.9 Zakat

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

3. Significant accounting policies (Continued)

3.10 Taxation

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

3.11 Segment reporting

The Group has two operating segments: investment and other segments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

3.12 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and the resulting gain or loss is included in the consolidated statement of profit or loss as appropriate. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IFRS 9: Financial Instruments. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting in incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

3. Significant accounting policies (Continued)

3.13 Property, plant and equipment

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

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

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

Land is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	Years
Office building and improvements	20-30
Machinery and equipment	6-20
Furniture and fixtures	4-10
Right of use	5

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

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

3.14 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

3. Significant accounting policies (Continued)

3.14 Intangible assets (Continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss. Intangible assets with finite lives are amortised on a straight-line basis over a period of 1 to 4 years.

Production of TV Shows
Production of TV Shows represents producing TV shows. Production of TV Shows is initially carried at cost, and subsequently measured at cost less accumulated amortization and impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

3.15 Impairment of non-financial assets

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

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated statement of profit or loss.

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

3. Significant accounting policies (Continued)

3.16 Investment property

Investment property comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment properties are stated at their fair value at the end of reporting period. Gains or losses arising from changes in the fair value of investment properties are included in consolidated statement of profit or loss for the period in which they arise.

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

These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

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

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

3.17 Investment in associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate. Such long-term interests that, in substance, form part of the Group's net investment in the associate are accounted for in accordance with IFRS 9 Financial Instruments. The Group first applies impairment losses, if any, in accordance with IFRS 9 before applying share of losses of an associate to such long-term interests.

3. Significant accounting policies (Continued)

3.17 Investment in associates (Continued)

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

The difference in reporting dates of the associates and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in consolidated statement of profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired and determine if necessary, to recognize any impairment loss with respect to the investment. If there is such evidence, the entire carrying amount of the investment (including goodwill) is tested for impairment and the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in consolidated statement of profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in consolidated statement of profit or loss.

3.18 Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. The interests, distributions, profits, and losses relating to financial instrument classified as liabilities are included as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are recorded at net when the Group has a legally enforceable right to settle the assets and liabilities at net and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include financial assets at fair value through other comprehensive income, accounts receivable and other debit balances, financial assets at fair value through profit or loss, cash and cash equivalents, term loans, accounts payable and other credit balances and bank overdraft.

3. Significant accounting policies (Continued)

3.18 Financial instruments (Continued)

Financial assets:

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

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

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

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

Classification of financial assets
Financial assets are classified in the consolidated financial statements into the following categories upon initial recognition:
- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income.
- Equity instruments at fair value through other comprehensive income.
- Equity instruments at Fair value through profit or loss.

Subsequent measurement

Debt instruments at amortized cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3. Significant accounting policies (Continued)

3.18 Financial instruments (Continued)

Financial assets: (Continued)

Subsequent measurement (Continued)
Financial assets carried at amortised cost consist of cash and cash equivalents and accounts receivable and other debit balances classified as debt instruments at amortized cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and at banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

Receivables which are not categorised under any of the above are classified as "other debit balances".

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

Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity. Interest income and dividends are recorded in consolidated statement of profit or loss.

The financial assets at FVOCI represent quoted and unquoted equity investments and funds and portfolios.

Financial assets at FVPL
The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the consolidated statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The financial assets at FVPL are represented in quoted and unquoted equity investments and funds.

3. Significant accounting policies (Continued)

3.18 Financial instruments (Continued)

Financial assets: (Continued)

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

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

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

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

Financial liabilities:

All financial liabilities are initially recognized at fair value and in case of loans, borrowings and creditors directly attributable transactions costs are discounted. All financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost using the effective interest rate method.

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

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

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

3. Significant accounting policies (Continued)

3.18 Financial instruments (Continued)

Financial liabilities: (Continued)

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss.

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

3.19 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Cost of finished goods is calculated using first-in first-out method. For other items of inventory, cost is calculated using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Write-down is made for obsolete and slow-moving items based on their expected future use and net realizable value.

3.20 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

3.21 Equity, reserves and other equity items

Share capital represents the nominal value of shares that have been issued and paid up.

Reserves (statutory and general) represent retained amounts from annual profits being withheld in such accounts by virtue of requirements established in the Parent Company's Memorandum of Incorporation and Articles of Association and Companies' law and its Executive Regulations.

3. Significant accounting policies (Continued)

3.21 Equity, reserves and other equity items (Continued)

Other components of equity include the following:
- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Kuwaiti Dinars.
- Fair value reserve of financial assets at FVOCI – comprises gains and losses relating to financial assets at fair value through other comprehensive income.
- Other reserves – mainly comprises gains and losses arising from partial acquisition and disposal of subsidiaries and change in other reserves of associates.

Accumulated losses include current year loss and prior period accumulated losses.

3.22 Share premium

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

3.23 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium respectively. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to shareholders of the Parent Company.

3.24 Dividend distribution to shareholders

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

Upon distribution of non-cash assets, any difference between the fair value of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

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

3. Significant accounting policies (Continued)

3.25 Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, the group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The group's obligations are limited to these contributions, which are expensed when due.

3.26 Foreign currency translation

Functional and presentation currency
Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

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

3.27 Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

3. Significant accounting policies (Continued)

3.28 Contingent assets and liabilities

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

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

3.29 Leases

The Group as a lessor

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

Operating lease

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

Group as a lessee

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

Right of use assets

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

Lease liabilities

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

3. Significant accounting policies (Continued)

3.29 Leases (Continued)

Group as a lessee (Continued)

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

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

3.30 Related party transactions

Related parties consist of major Shareholders, subsidiaries, associates, directors, executive officers, their close family members and companies of which they are principal shareholders. All related party transactions are to be approved by management.

4. Significant accounting judgments and key sources of estimation uncertainty

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

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

Significant accounting judgments

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

Classification of financial assets
On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in Note 3.

4. Significant accounting judgments and key sources of estimation uncertainty (Continued)

Significant accounting judgments (Continued)

The Group's status as a principal
The Group regularly conducts a revision and assessment to determine whether its current status as a principal or an agent in its commercial transactions has changed. Such revision and assessment cover any change in the overall relationship between the Group and other parties dealing with the Group, which may mean that its current status as a principal or an agent has changed. Such as if changes occurred to rights of the Group or other parties, the Group would reconsider its current status as a principal or an agent. Initial assessment considers market conditions that originally led the Group to consider itself as principal working as a main principal or an agent in arrangements of revenues contracts. The Group concluded that it works as a main principal in all contracts and arrangements leading to revenues to the Group.

Revenue recognition
Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in Note 3.5 are met requires significant judgment.

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

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

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

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

Provision for expected credit losses and inventory
The determination of the recoverability of the amount due from customers, marketable of inventory and the factors determining the impairment of the accounts receivable and inventory involve significant judgments.

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

Significant influence assessment
When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policy decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgment, involves consideration of the Group's representation on the investee's board of directors, participation in policy making decisions and material transactions between the investor and investee.

4. Significant accounting judgments and key sources of estimation uncertainty (Continued)

Significant accounting judgments (Continued)

Leases
Significant opinions on requirements for applying IFRS 16 include, among others, the following:
- Determine whether the contract (part thereof) contains a lease.
- Determine whether it is reasonably certain that extension or termination option will be exercised.
- Classification of lease agreements (when the entity is the lessor).
- Determine whether the variable payments are substantially fixed.
- Determine whether there are multiple leases in the arrangement.
- Determine the sale price of leased and non-leased items.

Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

Impairment of associates
After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss.

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

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

Valuation of investment properties
The Group carries its investment properties at fair value, with change in fair values being recognized in the consolidated statement of profit or loss. The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13.

4. Significant accounting judgments and key sources of estimation uncertainty (Continued)

Estimates uncertainty (Continued)

Valuation of investment properties (continued)
Two main methods were used to determine the fair value of the investment properties:
- Income approach, where the property's value is estimated based on the income produced and is computed by dividing the property's net operating income by the expected rate of return on the property in the market, known as 'Capitalization Rate'.

- Comparative analysis is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition and based on the knowledge and experience of the real estate appraiser.

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

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

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

For instance, if forecast economic conditions (i.e., gross domestic product, stock market capitalization) are expected to deteriorate over the next year which can lead to an increased number of defaults in the brokerage sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables and other debit balances is disclosed in Note 13.

5. Investment in subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

	Country of incorporation	Percentage of holding % 2022	Percentage of holding % 2021	Activities
Held directly:				
Global Projects Holding Company – W.L.L. ("GPHC") (a)	State of Kuwait	99%	99%	Investment
Specialized Environmental Services Company - W.L.L. ("SES") (a)	State of Kuwait	99%	99%	Investment
Global Professional General Trading Building Material and Equipment of construction and Real Estate Company – W.L.L.	State of Kuwait	62%	62%	General trading and investment
Privatization Agriculture Contracting Company –W.L.L. (a)	State of Kuwait	99%	99%	General trading and contracting
Global Privatization Medical Company – W.L.L (a)	State of Kuwait	99%	99%	Medical services
Global Specialized for Electrical Energy Company – W.L.L (a)	State of Kuwait	99%	99%	Electric power generation
Specialized Education for Establishing Schools Company – W.L.L (a)	State of Kuwait	99%	99%	Educational services
Wuduh Financial and Economic Consulting Company – K.S.C. (Closed) (under liquidation)	State of Kuwait	-	99%	Consultancy services
Daytona for Advertising Publishing Distribution and Production Company – W.L.L. (a)	State of Kuwait	99%	99%	Advertising and publishing
Privatization Holding Company – W.L.L. (Jordan)	The Hashemite Kingdom of Jordan	100%	100%	Manufacturing
PHC Renovation – LLC	USA	100%	100%	Real estate
Skills Entertainment for Theatrical production Company – W.L.L	State of Kuwait	99%	99%	Organizing exhibitions, conferences and theatre production
Abyar Gulf Company for General Trading and Contracting - W.L.L. ("Abyar") (b)	State of Kuwait	50%	50%	General trading and contracting
Leader Plus General Trading Company – W.L.L.	State of Kuwait	-	99%	General trading and contracting
Al Takhsis Al Mutamada General Trading and Contracting Company– W.L.L. (a)	State of Kuwait	99%	99%	General trading and contracting
Held through GPHC:				
Elogics System Company – S.P.C	State of Kuwait	100%	100%	IT services
Fairy Hub General Trading Company - W.L.L.	State of Kuwait	81.5%	81.5%	General trading and contracting

5. Investment in subsidiaries (Continued)

a. The non-controlling interest of these subsidiaries is owned by other parties and waived in favor of the Parent Company. Accordingly, the Parent Company consolidated this subsidiaries as wholly owned subsidiaries.

b. The Group classified its 50% investment in "Abyar Gulf Company for General Trading and Contracting - W.L.L. ("Abyar")" as investment in subsidiary since the management believes the Group has the power to control the investee through key management which is also a significant owner.

Subsidiaries with material non-controlling interests:

The Group's following subsidiaries have material non-controlling interests:

	Ownership interests held by the non-controlling interests		Loss Attributable to non-controlling interests		Carrying value of Non-controlling interests	
	2022	2021	2022	2021	2022	2021
	%	%	KD	KD	KD	KD
Abyar Gulf Company for General Trac and Contracting - W.L.L.	50%	50%	(1,046,480)	(1,218,567)	(1,317,853)	(271,373)
Individual immaterial subsidiaries witt non-controlling interests			(36,324)	(17,788)	(452,967)	(409,404)
			(1,082,804)	(1,236,355)	(1,770,820)	(680,777)

Summarized financial information of Abyar Gulf Company for General Trading and Contracting – W.L.L. before inter-group eliminations, are set out below:

Statement of financial position:

	2022 KD	2021 KD
Non-current assets	1,511,733	1,695,627
Current assets	6,820,301	7,357,611
Total assets	8,332,034	9,053,238
Non-current liabilities	270,262	283,054
Current liabilities	10,697,478	9,312,929
Total liabilities	10,967,740	9,595,983
Net assets	(2,635,706)	(542,745)
Ownership interest held by non-controlling interests (%)	50%	50%
Net assets attributable to non-controlling interests	(1,317,853)	(271,373)

Statement of profit or loss:

	2022 KD	2021 KD
Revenue	2,647,156	760,136
Expenses	(4,740,116)	(3,197,270)
Net loss	(2,092,960)	(2,437,134)
Ownership interest held by non-controlling interests (%)	50%	50%
Loss attributable to non-controlling interests	(1,046,480)	(1,218,567)

6. General and administrative expenses

	2022 KD	2021 KD
Staff costs	1,406,895	1,435,145
Other expenses	1,051,060	971,760
	2,457,955	2,406,905

7. Basic and diluted loss per share attributable to the Shareholders of the Parent Company

Basic and diluted loss per share attributable to Shareholders of the Parent Company is calculated by dividing net loss for the year attributable to Shareholders of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	2022	2021
Net loss for the year attributable to Shareholders of the Parent Company (KD)	(6,288,114)	(2,432,465)
Weighted average number of shares outstanding (Shares)	610,000,000	610,000,000
Basic and diluted loss per share attributable to Shareholders of the Parent Company (fils)	(10.31)	(3.99)

8. Property, plant and equipment

	Lands	Office building and improvements	Machinery and equipment	Furniture and fixtures	Right of use	Total
	KD	KD	KD	KD	KD	KD
Cost:						
Balance as at 31 December 2020	1,369,438	2,125,980	10,638,604	490,514	134,601	14,759,137
Additions	15,427	667	97,995	35,069	-	149,158
Disposals	-	-	-	(100,317)	-	(100,317)
Foreign currency translation adjustments	-	(8,342)	(37,986)	(1,539)	-	(47,867)
Balance as at 31 December 2021	1,384,865	2,118,305	10,698,613	423,727	134,601	14,760,111
Additions	-	50	149,106	3,582	-	152,738
Disposals	-	(11,510)	(111,775)	-	-	(123,285)
Foreign currency translation adjustments	-	42,416	94,575	1,379	-	138,370
Balance as at 31 December 2022	**1,384,865**	**2,149,261**	**10,830,519**	**428,688**	**134,601**	**14,927,934**
Accumulated depreciation:						
Balance as at 31 December 2020	-	283,819	2,318,006	283,578	4,487	2,889,890
Charge for the year	-	44,732	348,704	43,762	26,916	464,114
Related to disposals	-	-	-	(19,144)	-	(19,144)
Foreign currency translation adjustments	-	(319)	(18,185)	(1,325)	-	(19,829)
Balance as at 31 December 2021	-	328,232	2,648,525	306,871	31,403	3,315,031
Charge for the year	-	39,467	321,317	38,064	26,916	425,764
Related to disposals	-	(8,927)	(38,213)	-	-	(47,140)
Foreign currency translation adjustments	-	2,663	6,671	663	-	9,997
Balance as at 31 December 2022	**-**	**361,435**	**2,938,300**	**345,598**	**58,319**	**3,703,652**
Net book value:						
As at 31 December 2022	**1,384,865**	**1,787,826**	**7,892,219**	**83,090**	**76,282**	**11,224,282**
As at 31 December 2021	1,384,865	1,790,073	8,050,088	116,856	103,198	11,445,080

Property, plant and equipment amounting to KD 3,801,312 (2021: KD 3,754,230) have been pledged against fixed assets payable (Note 20).

9. Intangible assets

	TV-Shows KD	Total KD
Cost:		
Balance as at 31 December 2020, 2021, 2022	**2,063,078**	**2,063,078**
Accumulated amortisation:		
Balance as at 31 December 2020	1,653,596	1,653,596
Charge for the year (a)	273,837	273,837
Balance as at 31 December 2021	1,927,433	1,927,433
Charge for the year (a)	123,173	123,173
Balance as at 31 December 2022	**2,050,606**	**2,050,606**
Net book value:		
As at 31 December 2022	**12,472**	**12,472**
As at 31 December 2021	135,645	135,645

a) Amortization charged are allocated to cost of sales and services.

10. Investment property

	2022 KD	2021 KD
Balance at the beginning of the year	**127,829**	116,190
Change in fair value	-	11,639
Disposal	**(127,829)**	-
Balance at the end of the year	-	127,829

During the year ended 31 December 2022, the Group sold its investment property for an amount of KD 124,343 resulting in a loss of KD 3,486 that was recorded in the consolidated statement of profit or loss.

11. Investment in associates

The details of the Group's investment in associates are as follows:

Name of the company	Country of incorporation	Equity interest %		Activities
		2022	2021	
Kuwait Building Materials Manufacturing Company - K.S.C.C. ("KBMMC")	State of Kuwait	46.99%	46.99%	Building materials
First Equilease for Equipment and Transportation - K.S.C. (Closed) ("FTC") (a)	State of Kuwait	16%	16%	Transportation services
Kingdom Electricity for Energy Investments – (PSC)	The Hashemite Kingdom of Jordan	30%	30%	Energy and industrial projects
Nawand Communications Holding Company - BSC (Closed) ("Nawand") (a)	Kingdom of Bahrain	17.3%	17.3%	Telecom services
Kuwait Pillars for Financial Investment Company – K.S.C.C.("KPFI") [Formerly Strategia Investment Company - KPSC ("Strategia")]	State of Kuwait	42.98%	42.98%	Investments
National Industries Company – (K.S.C.P) (a)	State of Kuwait	14.10%	14.10%	Manufacturing and marketing building materials
Middle East Complex for Eng., Electronics & Heavy Industries - PLC ("MECE")	The Hashemite Kingdom of Jordan	48.37%	37.29%	General trading and contracting
Privatization Engineering General Building Contracting Company -WLL (b)	State of Kuwait	51%	51%	General Building Contracting
J3 for management & development of lands and real estate Company -WLL	State of Kuwait	32.5%	32.5%	PPP project with a residential and a mall component (BOT)

a) Investment in FTC, Nawand and NIC have been classified as investment in associates since the Group exercises significant influence over these companies through representations on their Board of Directors and participation in their decision-making process in relation to their financial and operating policies.

b) The Group exercises significant influence over Privatization Engineering General Building Contracting Company for General Contracting - W.L.L. through participation in the decision-making process in relation to their financial and operating policies.

11. Investment in associates (Continued)

Movement in investment in associates during the year is as follows:

	2022 KD	2021 KD
Balance at beginning of the year	55,492,520	51,037,053
Additions (a)	5,615,694	2,849,420
Disposals	-	(2,148,900)
Cash dividends received from associates	(2,270,390)	-
Group's share of results from associates	1,831,550	3,173,351
Impairment loss (b)	(2,643,578)	-
Group's share of other comprehensive (loss) / income from associates' cumulative changes in fair value	(682,845)	61,445
Group's share of other comprehensive income / (loss) from associates' foreign currency translation adjustment	264,223	(67,041)
Group's share of other comprehensive income from associates' other reserves	1,293,939	544,347
Other reserves	132,904	(246,158)
Adjustment due to loss from downstream transaction	-	289,003
Balance at end of the year	59,034,017	55,492,520

a) Additions during the year ended 31 December 2022 mainly represents additions in Middle East Complex for Eng., Electronics & Heavy Industries - PLC ("MECE") through increase in the associate's (MECE) capital using the credit balance due to a related party of KD 4,140,933. Accordingly, The Group ownership interest has been increased to 48.37% (2021: 37.29%).

b) As at 31 December 2022, The fair value of the Groups' investment in "Middle East Complex for Eng., Electronics & Heavy Industries PLC (MECE)" and "National Industries Company – K.P.S.C. (NIC)" based on quoted exchange market prices were KD 4,457,199 and KD 9,600,473 respectively, and the carrying value of these associates exceeds its market price. Accordingly, the Group concluded that the CGU should be tested for impairment.

Management considered the performance outlook and business operations of the CGU to determine whether the carrying amount does not exceed the recoverable amount.

The recoverable amount of NIC has been determined by obtaining independent valuation of the significant associate' assets and perform test of impairment using adjusted NAV. Accordingly, it does not result in impairment loss.

The recoverable amount of MECE has been determined by the quoted exchange market price. Accordingly, an impairment loss of KD 2,643,578 was recorded in the consolidated statement of profit or loss.

Certain associates are quoted and listed in exchange markets. The carrying amount of the Group's investment in these listed associates is KD 21,393,750 (2021: KD 22,862,642) and its market value is KD 14,057,672 as at 31 December 2022 (2021: KD 13,111,458).

Investment in associates amounting to KD 49,215,568 (2021: KD 45,925,342) are secured against certain term loans (Note 19).

11. Investment in associates (Continued)

Summarised financial information of the Group's material associates are set out below:

31 December 2022	**KBMMC**	**KEC**	**KPFI**	**NIC**
	KD	KD	KD	KD
Assets:				
Current assets	4,103,601	128,601,062	11,954,788	61,211,428
Non-current assets	1,584,880	232,152,890	31,114,119	62,933,151
Liabilities:				
Current liabilities	(437,563)	(151,869,001)	(9,389,383)	(19,300,069)
Non-current liabilities	(712,069)	(166,971,032)	-	(15,118,174)
Net assets	4,538,849	41,913,919	33,679,524	89,726,336
Non-controlling interests	-	(8,777,544)	-	(3,415,353)
Net assets attributable to shareholders	4,538,849	33,136,375	33,679,524	86,310,983
Group's holding ownership (%)	46.99%	30%	42.98%	14.10%
Group's share of net assets	2,133,127	9,940,913	14,475,053	12,172,618
Adjustment due to loss from downstream transaction	-	-	289,003	-
Goodwill	439,867	3,488,960	131,265	4,763,933
Carrying value as at 31 December 2022	2,572,994	13,429,873	14,895,321	16,936,551
Revenue	2,187,124	193,911,423	2,431,031	47,206,367
Expenses and other charges	(2,006,836)	(181,667,989)	(1,579,351)	(42,820,485)
Net profit attributable to Shareholders	180,288	12,243,434	851,680	4,385,882
Total comprehensive income	180,288	17,051,357	462,613	1,265,580
Group's share of total comprehensive income	84,730	5,115,407	198,825	178,487
Cash dividends received	71,245	979,594	644,682	494,870

11. Investment in associates (Continued)

31 December 2021	**KBMMC**	**KEC**	**KPFI**	**NIC**
	KD	KD	KD	KD
Assets:				
Current assets	3,938,414	177,156,395	12,303,401	59,071,791
Non-current assets	1,789,375	224,278,512	31,484,233	63,281,754
Liabilities:				
Current liabilities	(551,028)	(214,921,112)	(8,150,000)	(20,584,403)
Non-current liabilities	(666,606)	(160,008,553)	(1,066,207)	(9,704,315)
Net assets	4,510,155	26,505,242	34,571,427	92,064,827
Non-controlling interests	-	(7,010,868)	-	(3,507,941)
Net assets attributable to shareholders	4,510,155	19,494,374	34,571,427	88,556,886
Group's holding ownership (%)	46.99%	30%	42.98%	14.10%
Group's share of net assets	2,119,641	5,848,312	14,858,383	12,489,362
Adjustment due to loss from downstream transaction	-	-	289,003	-
Goodwill	439,867	3,445,748	131,265	4,763,933
Carrying value as at 31 December 2021	2,559,508	9,294,060	15,278,651	17,253,295
Revenue	2,657,788	185,848,807	5,070,473	45,703,659
Expenses and other charges	(2,424,708)	(183,037,637)	(1,450,576)	(41,189,808)
Net profit attributable to Shareholders	233,080	2,811,170	3,619,897	4,513,851
Total comprehensive income	233,080	4,459,826	3,760,696	4,506,944
Group's share of total comprehensive income	109,541	1,337,948	1,616,302	635,624
Cash dividends received	-	-	-	-

12. Financial assets at fair value through other comprehensive income

	2022 KD	2021 KD
Quoted securities	412,437	408,475
Unquoted securities	946,583	1,014,139
Funds and portfolios	598,329	1,127,604
	1,957,349	2,550,218

Financial assets at fair value through other comprehensive income amounting to KD 1,010,060 (2021: KD 1,524,553) are secured against certain term loans (Note 19).

Valuation techniques of financial assets at fair value through other comprehensive income ("FVOCI") are disclosed in Note 27.

13. Accounts receivable and other debit balances

	2022 KD	2021 KD
Trade receivables	9,108,799	9,784,144
Due from related parties (Note 23)	4,543,914	7,866,568
Interest receivable	3,000,000	3,000,000
Prepaid expenses and accrued income	109,648	115,790
Advances to project under progress	6,017,126	6,017,126
Advances to supplier	697,491	521,235
Receivables from sale of investment in an associate	1,201,065	1,201,065
Other receivables	651,069	1,137,587
	25,329,112	29,643,515
Provision for expected credit losses (a)	(3,424,803)	(3,337,035)
	21,904,309	26,306,480

a) The movement on provision for expected credit losses is as follows:

	2022 KD	2021 KD
Balance at the beginning of the year	3,337,035	3,152,084
Charge for the year	87,768	184,951
Balance at the end of the year	3,424,803	3,337,035

Accounts receivable and other debit balances are represented in the following:

	2022 KD	2021 KD
Non-current portion	3,486,547	6,762,573
Current portion	18,417,762	19,543,907
	21,904,309	26,306,480

14. Financial assets at fair value through profit or loss

	2022 KD	2021 KD
Quoted securities	**9,428,336**	10,052,164
Unquoted securities	**11,149,026**	11,900,848
Mutual funds	**119,043**	286,362
	20,696,405	22,239,374

At 31 December 2022, the Group held certain equity securities of related parties with a carrying value of KD 2,815,532 (2021: KD 3,396,637).

Financial assets at fair value through profit or loss amounting to KD 18,803,252 (2021: KD 19,459,514) are pledged against certain term loans (Note 19).

Valuation techniques of financial assets at fair value through profit or loss are disclosed in Note 27.

15. Cash and cash equivalents

	2022 KD	2021 KD
Cash on hand and at banks	**884,341**	1,409,187
Cash at portfolios	**162,529**	195,216
Short term bank deposits	**-**	501
Restricted cash*	**30,046**	104,066
	1,076,916	1,708,970

* This balance represents cash restricted against bank facilities.

16. Capital and share premium

The authorized, issued and fully paid capital is KD 61,000,000 divided into 610,000,000 shares with a nominal value of 100 fils each and all shares are paid in cash.

Share premium represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

17. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. Distribution of statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount. Since there is a net loss for the year, there was no transfer to statutory reserve during the year.

18. General reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to the general reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. Since there is a net loss for the year, there was no transfer to general reserve during the year.

19. Term loans

	2022 KD	2021 KD
Term loans obtained from local financial institutions and a related party and carrying interest rate range from 1.5% to 4% per annum over the Central Bank of Kuwait discount rate	17,243,119	21,234,391
Term loans obtain from a foreign financial institutions and carry interest rate range from 6.25% to 9.75% per annum	5,040,332	4,849,380
	22,283,451	26,083,771

Certain investment in subsidiaries, associates, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are secured against term loans (Note 11, 12 and 14).

Term loans are represented in the following:

	2022 KD	2021 KD
Non-current portion	1,773,611	5,199,250
Current portion	20,509,840	20,884,521
	22,283,451	26,083,771

20. Accounts payable and other credit balances

	2022 KD	2021 KD
Trade payable	2,646,372	1,096,603
Due to related parties (a) (Note 23)	14,991,880	11,418,932
Fixed assets payable*	3,068,537	3,030,531
Accrued expenses and other liabilities	5,237,544	4,210,713
	25,944,333	19,756,779

(a) Due to balance include an amount of KD 3,018,000 from a related party and its carry an interest rate of 1.5% over the Central Bank of Kuwait discount rate.

*Property, plant and equipment amounting to KD 3,801,312 (2021: KD 3,754,230) are secured against fixed assets payable (Note 8). This balance is payable in 3 installments on annual basis and carries an interest rate of 5.3% per annum.

Accounts payable and other credit balances are represented in the following:

	2022 KD	2021 KD
Non-current portion	5,891,943	5,118,094
Current portion	20,052,390	14,638,685
	25,944,333	19,756,779

21. Bank Overdraft

Bank overdraft represents a bank overdraft facility that carries an interest rate ranging from 6% to 9.5% (2021: 4% to 9.5%) per annum.

22. Annual General Assembly of the Shareholder of the Parent Company

The Board of Directors' meeting held on 29 March 2023 proposed not to distribute cash dividends and not to distribute Board of Directors' remuneration for the year ended 31 December 2022. These proposals are subject to the approval of the Shareholders' Annual General Assembly.

The Parent Company's Shareholders' Annual General Assembly meeting held on 28 April 2022 approved the consolidated financial statements for the year ended 31 December 2021 and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2021. Also, its approve to set off accumulated losses of KD 10,587,270 as of 31 December 2021 through general reserve of KD 3,200,595 and share premium of KD 7,386,675.

The Parent Company's Shareholders' Annual General Assembly meeting held on 10 May 2021 has approved the consolidated financial statements for the year ended 31 December 2020 and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2020.

23. Related party transactions and balances

Related parties represent major Shareholders, associates, directors, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are to be approved by the Group's management.

Transactions and balances with related parties included in the consolidated financial statements are as follows:

Transactions included in consolidated statement of profit or loss:	2022 KD	2021 KD
Dividend income	76,174	216
Interest income	290	1,452
Portfolio management fees	23,739	19,012
Finance costs	139,953	39,050

Balances included in consolidated statement of financial position:	2022 KD	2021 KD
Cash with portfolio manager	4,917	4,167
Financial assets at FVOCI	673	831
Due from related parties (Note 13)	4,543,914	7,866,568
Financial assets at fair value through profit or loss (Note 14)	2,815,532	3,396,637
Due to related parties (Note 20)	14,991,880	11,418,932

Compensation to key management personnel:	2022 KD	2021 KD
Short-term benefits	556,878	555,232
End of service benefits	52,478	56,159
	609,356	611,391

24. Capital commitments and contingencies

	2022	2021
	KD	KD
Capital commitments		
Project commitments	**14,031,203**	14,533,472
Other commitments	**407,241**	94,448
	14,438,444	14,627,920

Contingencies

At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 3,605,935 (2021: KD 3,704,938) and to Public Authority for Housing Welfare amounting to KD 3,120,180 (2021: KD 3,120,180) from which it is anticipated that no material liabilities will arise.

The Parent Company and other parties have guaranteed other party (debtor Company) personally against a loan of KD 72.6 million with National Bank of Kuwait (NBK) during 2012. The debtor Company subsequently signed loan renewal agreements, which the Parent Company was not a party on it, to combine the loan with other debts of natural and legal persons. Its agreed to a new maturity dates represented on eleven annual installments commencing 15 June 2016 upon together with providing in-kind guarantees. The Parent Company has not renewed its guarantee obligations in renewal agreements.

The debtor Company settled under the new agreements and the remaining balance due was KD 11,049,644 (2021: KD 26,297,015) (excluding interest). NBK initiated execution procedures on the balance against the debtor Company and guarantors including the Parent Company, being a guarantor. The Court rendered a judgment in the complaint filed by the Parent Company to stop execution of the agreement. Further, the Parent Company has filed a claim for invalidity of the agreement and expiration of the guarantee. on 13 June 2022, a verdict had issued dismissing the case, and judgment was appealed. On 28 September 2022 the "Court of Appeal" issued its verdict affirming the verdict issued by the "Court of First Instance" and its appealed in the "Court of Cassation". no judgment has been issued by the "Court of Cassation" until the reporting date. Therefore, the management believe that the bank cannot implement the guarantee bond on the Parent Company at the present time.

The Group's management believes that Parent Company is neither a party nor obligated by the guarantee agreement. It is not possible to estimate the financial results that may arise from these lawsuits until a final decision is issued by the Court. Accordingly, financial impact could not be determined.

25. Segmental information

For management purposes, the Group is organized into business units based on nature of business and has two reportable operating segments as follows:

i) Investment segment represents trading in equities including certain investment in associates and other strategic investments; and
ii) Other segment represents rendering of non-investment services and general trading and contracting.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments.

	Investment		Other		Total	
	2022 KD	2021 KD	2022 KD	2021 KD	2022 KD	2021 KD
Revenue	3,793,362	2,604,179	3,442,545	5,881,162	7,235,907	8,485,341
Segment profit \ (loss)	1,707,607	245,125	(9,078,525)	(3,913,945)	(7,370,918)	(3,668,820)
Other disclosures:						
Depreciation (Note 8)	(4,476)	(5,302)	(421,288)	(458,812)	(425,764)	(464,114)
Group's share of results from associates (Note 11)	4,413,892	3,278,287	(2,582,342)	(104,936)	1,831,550	3,173,351
Assets	84,802,971	83,802,982	32,864,234	37,308,495	117,667,205	121,111,477
Liabilities	28,051,889	27,943,615	23,061,632	20,026,539	51,113,521	47,970,154
Other disclosures:						
Investment in associates (Note 11)	51,612,406	49,727,667	7,421,611	5,764,853	59,034,017	55,492,520
Additions to property, plant and equipment (Note 8)	1,094	11,663	151,644	137,495	152,738	149,158

25. Segmental information (Continued)

Geographic information

The Group operates in two geographic regions; Kuwait and Non-Kuwait. The following table shows the distribution of the Group's segment revenue and non-current assets by region:

	2022	2021
	KD	KD
Revenue		
Kuwait	**3,706,789**	7,173,904
Non-Kuwait	**3,529,118**	1,311,437
	7,235,907	8,485,341

The revenue information above is based on the location of the assets generating the income.

	2022	2021
	KD	KD
Non-current assets		
Kuwait	**42,936,941**	42,341,398
Non-Kuwait	**32,777,726**	34,172,467
	75,714,667	76,513,865

26. Financial risk management

The Group's activities expose it to variety of financial risks: market risk (including foreign currency risk, equity price risk and interest rate risk), credit risk and liquidity risk.

The Parent Company's Board of Directors is ultimately responsible for the overall risk management and for approving risk strategies and principles. The Group's risk management focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance. Long term financial investments are managed to generate lasting returns.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

26.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in Kuwait and the Middle East and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar, Euro, Jordanian Dinar, Egyptian Pound and others. The Group's financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

26. Financial risk management (Continued)

26.1 Market risk (Continued)

a) Foreign currency risk (Continued)

The Group had the following net significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate:

	2022	2021
	KD	KD
US Dollar	**1,050,119**	1,209,236
Euro	**30,838**	199,248
Jordanian Dinar	**538,088**	563,163
Egyptian Pound	**177,529**	281,417
Others	**152,210**	183,148

The foreign currency sensitivity is determined based on 5%, increase or decrease in exchange rates. If the Kuwaiti Dinar had strengthened / (weakened) against the foreign currencies assuming the above sensitivity, then this would have the following impact on the profit or loss for the year and equity:

	2022		2021	
	Effect on profit or loss	Effect on other comprehensive income	Effect on profit or loss	Effect on other comprehensive income
	KD	KD	KD	KD
US Dollar	±111,487	±58,981	±140,325	±79,863
Euro	±1,542	-	±9,962	-
Jordanian Dinar	±24,168	±2,736	±23,820	±4,338
Egyptian Pound	±8,876	-	±14,071	-
Others	±212	±7,398	±221	±8,936

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

b) Equity price risk

Equity price risk is the risk that fair values of equity securities fluctuate as a result of changes in the level of equity indices and the value of the individual stocks.

The Group is exposed to equity price risk mainly to its quoted securities. To manage its equity price risk the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting date.

26. Financial risk management (Continued)

26.1 Market risk (Continued)

b) Equity price risk (Continued)

If prices had been 5% higher/lower, the effect on the changes in profit or loss, other comprehensive income for the years ended 31 December 2022 and 2021 as follows:

	2022		2021	
	Effect on profit or loss	Effect on other comprehensive income	Effect on profit or loss	Effect on other comprehensive income
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income	-	±20,622	-	±20,424
Financial assets at fair value through profit or loss	±471,417	-	±502,608	-

c) Interest rate risk

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

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's term loans and banks overdraft with floating interest rates as well as term deposits. The effect on Group's profit due to (increase) / decrease in the interest rate by 25 basis points, with all variables held constant is as follows

	2022	2021
	KD	KD
Effect on profit or loss	±35,502	±46,383

The calculations are based on the group's financial instruments held at each consolidated financial position date.

There has been no change during the year in the methods and assumption used in preparing the sensitivity analysis

26.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, short term bank deposits and accounts receivable and other debit balances. Accounts receivables and other debit balances are presented net of allowance for expected credit losses.

26. Financial risk management (Continued)

26.2 Credit risk (Continued)

Trade receivables

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

The expected loss rates are based on the payment profile for sales over the past or aging profile of customers over the past 3-5 years before 31 December 2022 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

During the year ended 31 December 2022, the Group has recorded additional provision for expected credit losses of KD 87,768 (2021: KD 184,951).

Deposits and bank balances

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

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognized at the consolidated financial position date, as summarized below:

	2022 KD	2021 KD
Cash and cash equivalents (excluding cash on hand)	1,064,239	1,689,012
Accounts receivable and other debit balances (excluding prepayments and advances)	15,080,044	19,652,329
	16,144,283	21,341,341

26.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

26. Financial risk management (Continued)

26.3 Liquidity risk (Continued)

The table below summaries the maturity profile of the Group's financial liabilities. The maturities of financial liabilities have been determined on the basis of the remaining period from the consolidated financial position date to the contractual maturity date.

The contractual maturity profile of the financial liabilities based on undiscounted cash flow is as follows:

	Less than 3 months KD	3 to 12 months KD	Over 1 year KD	Total KD
2022				
Term loans	-	20,509,840	1,773,611	22,283,451
Bank overdraft	1,417,256	-	-	1,417,256
Accounts payable and other credit balances	7,792,499	11,766,989	5,891,943	25,451,431
	9,209,755	32,276,829	7,665,554	49,152,138
2021				
Term loans	-	20,884,521	5,199,250	26,083,771
Bank overdraft	717,362	-	-	717,362
Accounts payable and other credit balances	7,969,970	6,558,878	5,118,094	19,646,942
	8,687,332	27,443,399	10,317,344	46,448,075

27. Fair value measurement

27.1 Fair value hierarchy

Fair value represents 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.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

27. Fair value measurement (Continued)

27.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position are as follows:

	2022	2021
	KD	KD
Financial assets:		
Financial assets at fair value through other comprehensive income:		
Financial assets at fair value through other comprehensive income	**1,957,349**	2,550,218
Financial assets at amortised cost:		
Accounts receivable and other debit balances (excluding prepayments and advances)	**15,080,044**	19,652,329
Cash and cash equivalents	**1,076,916**	1,708,970
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	**20,696,405**	22,239,374
	38,810,714	46,150,891
Financial liabilities:		
Financial liabilities at amortised cost:		
Term loans	**22,283,451**	26,083,771
Accounts payable and other credit balances (excluding advances)	**25,451,431**	19,646,942
Bank overdraft	**1,417,256**	717,362
	49,152,138	46,448,075

Management considers that the carrying amounts of all financial assets and liabilities, which are stated at amortized cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value on a recurring basis in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	KD	**KD**	**KD**	**KD**
Financial assets at fair value through other comprehensive income:				
Quoted securities	412,437	-	-	412,437
Funds and portfolios	-	598,329	-	598,329
Unquoted securities	-	-	946,583	946,583
Financial assets at fair value through profit or loss:				
Quoted securities	9,428,336	-	-	9,428,336
Mutual funds	-	119,043	-	119,043
Unquoted securities	-	482,131	10,666,895	11,149,026
	9,840,773	1,199,503	11,613,478	22,653,754

27. Fair value measurement (Continued)

27.2 Fair value measurement of financial instruments (Continued)

2021	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	408,475	-	-	408,475
Funds and portfolios	-	1,127,604	-	1,127,604
Unquoted securities	-	-	1,014,139	1,014,139
Financial assets at fair value through profit or loss:				
Quoted securities	10,052,164	-	-	10,052,164
Mutual funds	-	286,362	-	286,362
Unquoted securities	-	863,210	11,037,638	11,900,848
	10,460,639	2,277,176	12,051,777	24,789,592

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

28. Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its Shareholders through the optimization of the capital structure to reduce the cost of such financial recourses.

The capital of the Group comprises of total equity. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by the total equity and net debt as follows:

	2022	2021
	KD	KD
Term loans	22,283,451	26,083,771
Bank overdraft	1,417,256	717,362
Fixed assets payable	3,068,537	3,030,531
Less: Cash and cash equivalents	(1,076,916)	(1,708,970)
Net debt	25,692,328	28,122,694
Equity attributable to Shareholders of the Parent Company	68,324,504	73,822,100
Total capital and net debt	94,016,832	101,944,794
Gearing ratio	27.33%	27.59%

29. Legal claims

There are legal cases being raised by and against the Group as of 31 December 2022 and according to the available information, it was not possible to reliably estimate the liability due for certain cases.

30. Comparative figures

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