BAYAN INVESTMENT HOLDING COMPANY - K.S.C. (PUBLIC)
AND SUBSIDIARIES
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH
INDEPENDENT AUDITOR’S REPORT

BAYAN INVESTMENT HOLDING COMPANY - K.S.C. (PUBLIC)
AND SUBSIDIARIES
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CONSOLIDATED FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Bayan Investment Holding Company K.S.C.P.
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. We have identified the following key audit matter to be communicated in our report.

RSM Albazie & Co. is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Valuation of investment securities

Investment securities represent 50% of the Group's total assets and comprises mainly of financial assets at fair value through other comprehensive income. The valuation of the Group's investment securities involve the exercise of judgement by the management and the use of assumptions and estimates, most predominately for the instruments classified under level 2 and level 3. Key judgments applied by management in valuation of the Group's investment securities carried at fair value include determination of price to book multiples from comparable companies, calculated Net Asset Value (NAV) and fair value from third party managers including application of illiquidity discounts in certain cases. Due to the size and estimation uncertainties, this is considered a key audit matter. As part of audit procedures we have tested the level 1 fair valuations by comparing the fair values applied by the Group with publicly available market data. For level 2 and 3 valuations we evaluated the models and the assumptions used by the management and tested the source data used in the valuations, to the extent possible, to independent sources and externally available market data to evaluate the data's relevance, completeness and accuracy. We have also challenged the significant judgements and assumptions applied to the valuation model, including discounts for lack of marketability. We have focused on the adequacy of disclosures as provided in Note 6 and Note 21 to the accompanying consolidated financial statements.

Other information included in the Annual Report of the Group for the year ended December 31, 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 not obtained the annual report, including the report of the Group's Board of Directors, prior to the date of our auditor's report, and we expect to obtain these reports 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

From 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 the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements included in the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all 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 December 31, 2022 that might have a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, concerning the Capital Markets Authority and Organization of Security Activity, its amendments and Executive Regulations during the financial year ended December 31, 2022, that might have had a material effect on the business of the Parent Company or on its financial position.

Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie & Co.

State of Kuwait
February 21, 2023

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	**2022**	2021
Cash and bank balances	4	**7,448,329**	434,653
Financial assets at fair value through profit or loss ("FVTPL")		**144,787**	314,822
Accounts receivable and other debit balances	5	**661,189**	1,139,978
Inventories		**480,676**	430,785
Financial assets at fair value through other comprehensive income ("FVOCI")	6	**8,701,097**	16,217,414
Properties under development	3	**-**	73,341,331
Property, plant and equipment		**268,743**	494,615
Total assets		**17,704,821**	92,373,598
LIABILITIES AND EQUITY			
Liabilities:			
Bank facilities	7	**1,800,000**	2,475,012
Accounts payable and other credit balances	8	**755,791**	35,944,081
Murabaha payable		**-**	31,400
Provision for end of service indemnity	9	**414,039**	449,217
Total liabilities		**2,969,830**	38,899,710
Equity:			
Share capital	10	**33,362,542**	39,266,391
Treasury shares	11	**(5,054,060)**	(5,948,170)
Voluntary reserve	13	**5,054,060**	5,948,170
Fair value reserve		**(4,898,586)**	10,631,779
Foreign currency translation adjustments		**(3,239,172)**	(3,021,854)
Accumulated losses		**(10,460,342)**	(5,903,849)
Equity attributable to shareholders of the Parent Company		**14,764,442**	40,972,467
Non-controlling interests		**(29,451)**	12,501,421
Total equity		**14,734,991**	53,473,888
Total liabilities and equity		**17,704,821**	92,373,598

The accompanying notes from (1) to (22) form an integral part of the consolidated financial statements.

بيان للإستثمار القابضة
Bayan Investment Holding Co.

Faisal Ali Al-Mutawa
Chairman

BAYAN INVESTMENT HOLDING COMPANY K.S.C.(PUBLIC) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts are in Kuwaiti Dinars)

	Note	**2022**	2021 *
Continuing operations:			
Revenues:			
Net investment income	15	**330,338**	228,980
Management and consultancy fees		**-**	3,500
Net sales revenue		**322,498**	545,035
Other income		**54,564**	1,127
		707,400	778,642
Expenses and other charges:			
General and administrative expenses	16	**840,671**	752,156
Allowance for Expected Credit Losses ("ECL")	5	**-**	225,740
Write off a receivable balance due from a related party	18	**4,243,651**	-
Loss on remeasurement of the remaining held equity interest in a former subsidiary	3	**139,503**	-
Finance charges		**104,868**	119,457
Foreign exchange loss		**150,370**	11,396
		5,479,063	1,108,749
Loss for the year from continuing operations		**(4,771,663)**	(330,107)
Discontinued operations:			
Loss for the year from discontinued operations	3	**(1,635,275)**	(210,821)
Loss for the year before contribution to National Labor Support Tax (NLST) and Zakat		**(6,406,938)**	(540,928)
NLST		**(156,708)**	(13,895)
Zakat		**(62,683)**	(3,748)
Loss for the year		**(6,626,329)**	(558,571)
Attributable to:			
Shareholders of the Parent Company		**(6,268,833)**	(413,537)
Non-controlling interests		**(357,496)**	(145,034)
Loss for the year		**(6,626,329)**	(558,571)
Basic and diluted loss per share:		**Fils**	Fils
Basic and diluted loss per share attributable to shareholders of the Parent Company	17	**(20.588)**	(1.141)
Basic and diluted loss per share from the continuing operations:			
Basic and diluted loss per share attributable to shareholders the of Parent Company	17	**(16.377)**	(0.960)
Basic and diluted loss per share from discontinued operations:			
Basic and diluted loss per share attributable to shareholders of the Parent Company	17	**(4.211)**	(0.182)

* The comparative figures has been restated to reflect the effect of discontinued operations (Note 3).

The accompanying notes from (1) to (22) form an integral part of the consolidated financial statements.

BAYAN INVESTMENT HOLDING COMPANY K.S.C.(PUBLIC) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts are in Kuwaiti Dinars)

	2022	2021
Loss for the year	**(6,626,329)**	(558,571)
Other comprehensive (loss) income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(680,822)**	(19,001)
Items that will not be reclassified subsequently to profit or loss		
Changes in fair value of financial assets at FVOCI	**(3,565,613)**	5,965,313
Other comprehensive (loss) income for the year	**(4,246,435)**	5,946,312
Total comprehensive (loss) income for the year	**(10,872,764)**	5,387,741
Attributable to:		
Shareholders of the Parent Company	**(10,442,271)**	5,526,729
Non-controlling interests	**(430,493)**	(138,988)
Total comprehensive (loss) income for the year	**(10,872,764)**	5,387,741

The accompanying notes from (1) to (22) form an integral part of the consolidated financial statements.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company								
	Share capital	Treasury shares	Voluntary reserve	Fair value reserve	Foreign currency translation adjustments	Accumulated losses	Sub-total	Non-controlling interests	Total equity
Balance as of December 31, 2020	39,266,391	(5,948,170)	5,948,170	4,995,434	(2,996,807)	(6,036,654)	35,228,364	12,640,409	47,868,773
Transfer of net gain on disposal of financial assets at FVOCI to accumulated losses	-	-	-	(328,968)	-	546,342	217,374	-	217,374
Total comprehensive income (loss) for the year	-	-	-	5,965,313	(25,047)	(413,537)	5,526,729	(138,988)	5,387,741
Balance as of December 31, 2021	39,266,391	(5,948,170)	5,948,170	10,631,779	(3,021,854)	(5,903,849)	40,972,467	12,501,421	53,473,888
Reduction of accumulated losses (Notes 10 and 14)	(5,903,849)	-	-	-	-	5,903,849	-	-	-
Related to cancellation of share capital (Note 11)	-	894,110	(894,110)	-	-	-	-	-	-
In-kind dividends (Notes 3 and 14 (d))	-	-	-	-	-	(11,421,457)	(11,421,457)	-	(11,421,457)
Related to subsidiary distributed as in-kind dividends (a)	-	-	-	-	392,153	(5,411,338)	(5,019,185)	(12,080,908)	(17,100,093)
Transfer of net gain on disposal of financial assets at FVOCI to accumulated losses	-	-	-	(11,966,398)	-	12,641,286	674,888	-	674,888
Effect of change in equity of a subsidiary	-	-	-	-	-	-	-	(19,471)	(19,471)
Total comprehensive loss for the year	-	-	-	(3,563,967)	(609,471)	(6,268,833)	(10,442,271)	(430,493)	(10,872,764)
Balance as of December 31, 2022	**33,362,542**	**(5,054,060)**	**5,054,060**	**(4,898,586)**	**(3,239,172)**	**(10,460,342)**	**14,764,442**	**(29,451)**	**14,734,991**

(a) For the year ended December 31, 2022, these adjustments have been made as a result of deconsolidation of Dar Al Dhabi Holding Company K.S.C. (holding) due to its distribution as in-kind dividends (Note 3).

The accompanying notes from (1) to (22) form an integral part of the consolidated financial statements.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts are in Kuwaiti Dinars)

	2022 (a)	2021
Cash flows from operating activities:		
Loss for the year from continuing operations	**(4,771,663)**	(330,107)
Loss for the year from discontinued operations	**(1,635,275)**	(210,821)
Loss for the year before contribution to NLST and Zakat	**(6,406,938)**	(540,928)
Adjustments for:		
Net investment income	**(330,338)**	(228,980)
Interest income	**(143)**	(303)
Allowance for Expected Credit Losses ("ECL")	**-**	225,740
Write off a receivable balance due from a related party	**4,243,651**	-
Loss on remeasurement of the remaining held equity interest in a former subsidiary	**139,503**	-
Depreciation and amortization	**122,689**	86,227
Provision for end of service indemnity	**34,724**	35,019
Finance charges	**104,868**	119,457
Provision for a legal claim	**-**	295,035
Foreign exchange loss (gain)	**150,370**	(56,130)
	(1,941,614)	(64,863)
Changes in operating assets and liabilities:		
Financial assets at FVTPL	**155,541**	-
Accounts receivable and other debit balances	**559,557**	176,193
Inventories	**(49,891)**	(151,621)
Accounts payable and other credit balances	**711,916**	(32,743)
Cash flows used in operating activities	**(564,491)**	(73,034)
Payment of end of service indemnity	**(66,241)**	(10,116)
NLST paid	**(26,849)**	(13,435)
Zakat paid	**(13,898)**	-
Net cash flows used in operating activities	**(671,479)**	(96,585)
Cash flows from investing activities:		
Purchase of financial assets at FVOCI	**(11,970,413)**	-
Proceeds from sale of financial assets at FVOCI	**20,206,260**	1,377,226
Property, plant and equipment – net	**(14,417)**	(58,148)
Dividend income received	**344,832**	140,176
Interest income received	**143**	303
Net cash flows generated from investing activities	**8,566,405**	1,459,557
Cash flows from financing activities:		
Net movement in restricted cash held in portfolio	**(3,249,594)**	-
Net movement in bank facilities	**(675,012)**	(1,028,632)
Lease payments	**(67,935)**	(73,080)
Net movement in Murabaha payable	**(31,400)**	(3,972)
Cash dividends paid	**(769)**	(1,226)
Finance charges paid	**(104,868)**	(108,167)
Net cash flows used in financing activities	**(4,129,578)**	(1,215,077)
Net increase in cash and cash equivalents	**3,765,348**	147,895
Cash attributable to deconsolidation of a subsidiary (Note 3)	**(1,008)**	-
Effect of foreign currency translation on cash and cash equivalents	**(258)**	232
Cash and cash equivalents as of the beginning of the year	**434,653**	286,526
Cash and cash equivalents as of the end of the year (Note 4)	**4,198,735**	434,653

(a) For the year ended December 31, 2022, significant non-cash adjustments have been made as a result of deconsolidation of Dar Al Dhabi Holding Company K.S.C. (holding) due to its distribution as in-kind dividends (Note 3).

The accompanying notes from (1) to (22) form an integral part of the consolidated financial statements.

1. Incorporation and activities of the Parent Company

Bayan Investment Holding Company K.S.C. (Public) (formerly Bayan Investment Company K.S.C. (Public)) (the Parent Company) is a Kuwaiti public shareholding company incorporated through an agreement No. 1491/Vol 1 dated July 21, 1997, with latest amendment on October 13, 2022. The Parent Company is listed in Boursa Kuwait. The Parent Company's commercial registration number is 70718 dated August 30, 1997.

The Shareholders' Extraordinary General Assembly postponed and held on November 15, 2021, approved the following:

(a) To amend Article (2) of the Memorandum of Incorporation and Article (1) of the Articles of Association by changing the name of the Parent Company to Bayan Investment Holding Company K.S.C.(Public).

(b) To amend Article (5) of the Memorandum of Incorporation and Article (4) of the Articles of Association relating to the Parent Company's objectives.

(c) Amending other articles of the Parent Company's Articles of Association.

Those amendments have been notarized in the Parent Company's commercial registry on November 29, 2021 and December 2, 2021.

The new objectives of the Parent Company are as follows:

a. Invest in shares, membership interests, or investment units in Kuwaiti or foreign companies or funds, establish and manage subsidiaries companies or own membership interests in Kuwaiti or foreign companies and lending to such companies and guaranteeing their obligations towards third parties.
b. Management of its subsidiary companies or participation in the management of other companies in which the Parent Company is a stakeholder and providing the necessary support to these companies.
c. Investing its assets in the trading of shares, bonds and other securities.
d. Owning real estate and movable property necessary to carry out its operations within the limits permitted under the law.
e. Financing or lending to companies in which the Parent Company holds shares or membership interests and guaranteeing their obligations towards third parties. In such case, the share of the Parent Company in the capital of the borrowing company shall be no less than twenty percent.
f. Owning intellectual property rights, including patents, trademarks, industrial designs, concession rights and other such intangible rights and exploiting them and licensing them to its subsidiaries or third parties, whether inside or outside Kuwait.
g. Utilization of surplus available at the Parent Company by investing it in financial and real estate portfolios, managed by specialized companies and agencies in favour of the Parent Company.

The Parent Company may carry out directly all the above activities inside the state of Kuwait or abroad or through agents on its behalf. The Parent Company may also have an interest in or participate in any manner with the other bodies of similar engagements or that may cooperate to achieve the Parent Company's objectives inside or outside the State of Kuwait, and may establish or partner or purchase these bodies or append it to the Parent Company.

The Parent Company is located in Souad Commercial Building, Fahad Al-Salem St., Area 12, Building No. 21 and its registered office is P.O. Box No. 104, Al Dasma 35151, State of Kuwait.

On December 22, 2021, Capital Markets Authority ("CMA") approved to cancel securities activity license granted previously to the Parent Company.

The Parent Company is regulated and supervised by the Capital Markets Authority ("CMA") as a listed Company.

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on February 21, 2023. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

a) Basis of preparation

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Significant accounting policies are summarized as follows:

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost basis, except for financial assets at FVTPL and financial assets at FVOCI are stated at their fair value.

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

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(w). The key sources of estimation uncertainty are consistent with the annual audited financial statements of the Group for the year ended December 31, 2021.

Amendments on the applied standards

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following amended International Financial Reporting Standards as of January 1, 2022:

Amended IFRS standards that are effective for the current year are as follows:

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued on March 29, 2018 without significantly changing its requirements.

The amendments added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

The amendments also clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. These amendments are not expected have a material impact on the consolidated financial statements.

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments are not expected have a material impact on the consolidated financial statements.

Amendments to IAS 37 – Onerous Contracts: Costs of Fulfilling a Contract
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. These amendments are not expected have a material impact on the consolidated financial statements.

Annual Improvements to IFRS Standards 2018-2020 cycle
The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. These amendments are not expected have a material impact on the consolidated financial statements.

New and revised IFRS Standards in issue but not yet effective
At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1 Presentation of Financial Statements — Disclosure of Accounting Policies
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those consolidated financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of these amendments.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of these amendments.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

Amendments were made 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 above amendments are effective for annual reporting periods beginning on or after January 1, 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.

b) Basis of consolidation

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

			Percentage of holding %	
Name of the subsidiary	Country of incorporation	Principal activities	**2022**	2021
Directly held:				
Arkan Holding Company- K.S.C. (Holding)	State of Kuwait	Holding	**99.150**	99.150
Dar Al Dhabi Holding Co. K.S.C. (Holding) (Note 3)	State of Kuwait	Holding	**-**	58.061
Held through Arkan Holding Company K.S.C.(Holding):				
Arkan Industrial and Mining Company (E.S.C.)	Arab Republic of Egypt	Manufacturing	**100**	100
Held through Dar Al Dhabi Holding Co. K.S.C. (Holding) (Note 3):				
Dar Al Dhabi Real Estate Company K.S.C.C. (Note 3)	State of Kuwait	Real Estate	**-**	99
Emirates Dar Al Dhabi Real Estate Company L.L.C. (Note 3)	United Arab Emirates	Real Estate	**-**	100

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;
- 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 the consolidated statement of profit or loss and other comprehensive income 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. 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.

c) Financial instruments

Initial recognition
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 FVTPL.

Classifications
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 to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset 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 cash and bank balances, financial assets at FVTPL, accounts receivable and other debit balances, financial assets at FVOCI, bank facilities, accounts payable and other credit balances and Murabaha payable.

(A) Financial assets

I. Measurement categories of financial assets
The Group classifies its financial assets upon initial recognition into the following categories:

- Debt instruments at amortized cost.
- Equity instruments at FVOCI, with no recycling of gains or losses to consolidated statement of profit or loss on derecognition.
- Financial assets at FVPTL.

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.

Business model assessment
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 FVTPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Derecognition
A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the 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.

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

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

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

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating and recognizing interest revenue or interest expense in profit or loss over the relevant period. In general, effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Cash and bank balances, trade receivables are classified as debt instruments at amortized cost.

Trade receivables

Receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they are neither held for trading nor a contingent consideration arising from a business combination. Such classification is determined on an instrument-by- instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. 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 consolidated statement of changes in equity.

The Group classifies its investments in quoted and unquoted equity securities under financial assets at FVOCI in the consolidated statement of financial position.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment as at FVOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

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 Group classifies its investments in quoted equity securities under financial assets at FVTPL in the consolidated statement of financial position.

II. Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all financial assets not classified as FVTPL and equity instruments.

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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

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

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

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 debtors 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.

(B) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVTPL or at amortized cost using effective interest rate method.

Financial liabilities at amortized cost

Financial liabilities that are not at FVTPL are measured subsequently at amortized cost using the effective interest method.

i) 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.

ii) 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 the 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.

iii) Murabaha payable

Murabaha payables are reported with full credit balances after deducting finance charges pertaining to future periods. Those finance charges are amortized on a time apportionment basis using effective interest method.

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. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

(C) 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 realize the assets and settle the liabilities simultaneously.

d) Inventories

Inventories are valued at the lower of cost or net realizable value after providing allowances for any obsolete or slow-moving items. Costs comprise direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost of inventories is determined as follows:

- Raw materials and spare parts inventories on a weighted average basis.
- Manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.
- Complete production, cost is determined at the lower of cost or net realizable value.

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.

e) Properties under development

Properties under development are developed for future sale in the ordinary course of business by transfer to inventory properties, rather than to be held for rental or capital appreciation and are stated at the lower of cost or net realizable value. Sold properties in the course of development are stated at cost plus attributable profit/loss less progress billings. The cost of properties under development includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property. The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed.

f) 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 overhaul costs, are normally charged to consolidated statement of profit or loss in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures 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 retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in consolidated statement of profit or loss for the period. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value 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 amortization 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 amortized 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.

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

Assets category	Years
Buildings	20
Machines and equipment	5 – 10
Vehicles	5
Furniture and computers	3 – 5
Right-of-use assets (office premises)	5

Capital work in progress is stated at cost. Following completion, capital work in progress is transferred into the relevant class of property, plant and equipment.

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.

g) 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. 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.

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 the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

i) 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.

j) Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KD 1,500). 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.

k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

l) 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.

Non-cash distributions are measured at the fair value of the assets to be distributed. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the 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 consolidated statement of financial position.

m) 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 canceled. 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. 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 the Parent Company's shareholders.

n) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

o) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group applies a five-step model are as follows to account for revenue arising from contracts:

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

The Group exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes revenue 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.

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.

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.

Revenue for the Group arises from the following activities:

(i) Sale of goods

Sales represent the total invoiced value 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, have been purchased at store by the customer, 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.

The Group's net sales revenue arising from its activities in industrial sector in Arab Republic of Egypt and it transfers over time.

(ii) Management fees

Management fees are recognized on accrual basis.

(iii) Fees commission and consultancy revenue

Fees commission and consultancy revenue is recognized at the time the related services are provided.

(iv) Sale of properties under development
Revenue is recognized when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and is measured at the transaction price agreed under the contract.

(v) Other income
Other income are recognized on an accrual basis.

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

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

q) Foreign currencies
Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting periods are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity instruments which are classified as financial assets at FVTPL are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as FVOCI are included in “fair value reserve” in other comprehensive income. The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

r) Discontinued operations
A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale / distribution, and:

- Represents a separate major line of business or geographic area of operations
- Is a subsidiary acquired exclusively with a view to re-sale.
- Such component of the group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as discontinued operations.

In consolidated statement of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss is reported separately in consolidated statement of profit or loss.

s) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)
Contribution to 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 accumulated losses, its share of income from Kuwaiti shareholding subsidiaries and transfer to statutory reserve. No KFAS has been provided for since there was no eligible profit on which KFAS could be calculated.

t) National Labor Support Tax (NLST)
NLST is calculated at 2.5% 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 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.

u) Zakat
Zakat 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 Company's share of profit from Kuwaiti shareholding 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.

v) Contingencies
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.

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

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

(i) 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 are met requires significant judgment.

(ii) Allowance for expected credit losses
The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivables involve significant judgment.

(iii) Provision for inventories
The determination of the marketability of the inventories and the factors determining the impairment of the inventory involve significant judgment.

(iv) Classification of financial assets
On acquisition of a financial asset, the Group decides whether it should be classified as at “amortized cost”, "FVTPL” or "FVOCI". 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.

(v) Classification of land
Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

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

2) Work in progress
When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

3) Properties held for trading
When the intention of the Group is to sell land in the ordinary course of business, the land are classified as properties held for trading.

4) Investment properties
When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

(vi) Material non-controlling interests
The Group’s management considers any non-controlling interests which accounts for 5% or more of the related subsidiary’s equity as material.

(vii) Taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

(viii) Leases
Critical judgements required in the application of IFRS 16 include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

Estimates and assumptions

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

(i) 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.

(ii) Useful lives of depreciable assets

The Group reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of assets. Uncertainties in these estimates mainly relate to obsolescence and changes in operations.

(iii) Allowances for expected credit losses

The extent of allowance for expected credit losses involves estimation process. Allowance for expected credit losses is based on a forward looking ECL approach. Bad debts are written off when identified. The ECL allowance and write-down of accounts receivable are subject to management approval.

(iv) Provision for inventories

The extent of provision for inventories involves estimation process. The carrying cost of inventories is written down to their net realizable value when the inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of inventories are subject to management approval.

(v) Impairment of properties under development

Properties under development is stated at the lower of cost and net realizable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment. NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction, estimated costs to sell the property, and an estimate of the time value of money to the date of completion.

(vi) Impairment of non-financial assets

An 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.

(vii) Taxes

The Group recognizes a liability for the anticipated taxes levied in the jurisdictions of its activity based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions may have an impact on the carrying values of the deferred taxes.

(viii) 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.

3. Distribution of non-cash dividends and Discontinued operations

The General Assembly of the shareholders of the Parent Company, held on November 29, 2022, approved the Board of Directors' proposal to distribute in-kind dividends amounting to 407,909,190 shares, representing 40.791% interest in Dar Al Dhabi Holding Company K.S.C. (Holding) ("DAD Holding"), a subsidiary of the Group (Note 14(d)). The distribution was made on the due date to the shareholders of the Parent Company who were registered in the records of the Parent Company on that date, in proportion to their respective shareholdings, with a ratio of 1.223 shares of DAD Holding for each share of the Parent Company. The fair value of the shares of DAD Holding that were distributed as in-kind dividends amounted to KD 11,421,457 based on a valuation prepared by an external valuator.

As a result of the distribution, the Group's equity stake in DAD Holding decreased to 17.310%. Consequently, the Group has lost control over DAD Holding and has been deconsolidated from November 29, 2022 (date of loss of control).

The management of the Parent Company, after considering indicative factors, has assessed that the remaining holding in the equity of DAD Holding Group does not represent a significant influence. Consequently, DAD Holding has been accounted for as an investment in financial assets at fair value through other comprehensive income in accordance with IFRS (9). Accordingly, the Group has remeasured its remaining held equity investment in DAD Holding based on the fair value of those shares and recognized a loss of KD 139,503 in the consolidated statement of profit or loss.

The deconsolidation of DAD Holding due to distribution has resulted in the operations of this subsidiary being classified as 'Discontinued Operations' in the consolidated statement of profit or loss in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". The comparative period has also been reclassified to include those results under discontinued operations. Accordingly, the comparative amounts are not comparable with the current year presentation.

The results of the discontinued operations for the period from January 1, 2022 to November 29, 2022 (date of loss of control) and the comparative period are presented below:

	For the period from January 1, 2022 to November 29, 2022	December 31, 2021
Revenues:		
Other income	**12,165**	33,522
	12,165	33,522
Expenses and other charges:		
General and administrative expenses	**(6,792)**	(16,834)
Provision for a legal claim	**-**	(295,035)
Finance charges	**(100,973)**	-
Foreign exchange (loss) gain	**(818,784)**	67,526
	(926,549)	(244,343)
Net loss for the year from discontinued operations	**(914,384)**	(210,821)
Foreign currency translation adjustments relating to discontinued operations reclassified to consolidated statement of profit or loss from other comprehensive income	**(392,153)**	-
Loss on remeasurement of subsidiary distributed as in-kind dividends (a)	**(328,738)**	-
Loss for the year from discontinued operations	**(1,635,275)**	(210,821)
Attributable to:		
Shareholders of the Parent Company	**(1,282,085)**	(65,787)
Non-controlling interests	**(353,190)**	(145,034)
Loss for the year from discontinued operations	**(1,635,275)**	(210,821)

Analysis of assets and liabilities of DAD Holding over which control was lost as of November 29, 2022 is as follows:

Assets:	
Cash at banks	1,008
Properties under development	73,341,331
Goodwill	47,879
Total assets	**73,390,218**
Liabilities:	
Accounts payable and other credit balances	35,862,354
Due to related parties	8,718,351
Provision for end of service indemnity (Note 9)	3,661
Total liabilities	**44,584,366**
Net assets of the subsidiary distributed as in-kind dividends attributable to shareholders of the Parent Company	28,805,852
Non-controlling interests	(12,080,908)
	16,724,944

(a) Loss on remeasurement of subsidiary distributed as in-kind dividends is calculated as follows:

	Amount
Net assets of the subsidiary distributed as in-kind dividends attributable to shareholders of the Parent Company	28,805,852
Distributed stake (%)	40.791%
Carrying amount of the distributed stake	11,750,195
Fair value of the distributed stake	11,421,457
Loss on remeasurement of subsidiary distributed as in-kind dividends	**(328,738)**

4. Cash and bank balances

	2022	2021
Cash and bank balances	**7,448,329**	434,653
Less: restricted cash held in portfolio (a)	**(3,249,594)**	-
Cash and cash equivalents as presented in the consolidated statement of cash flows	**4,198,735**	434,653

(a) Restricted cash represents cash held in a portfolio with a local bank as collateral against bank facilities obtained by the Parent Company from a local bank (Note 7).

5. Accounts receivable and other debit balances

	2022	2021
Trade receivables (a)	**475,870**	885,093
Allowance for Expected Credit Losses (ECL) (b)	**(144,972)**	(225,740)
	330,898	659,353
Notes receivables	**206,991**	330,807
Other debit balances	**123,300**	149,818
	661,189	1,139,978

(a) Trade receivables

Trade receivables are relating to Arkan Industrial and Mining (E.S.C.) (wholly owned subsidiary of Arkan Holding Co. K.S.C. (Holding) – direct subsidiary of the Group). Trade receivables are non-interest bearing and are generally due within 3 months. These relate to a number of independent customers were there no recent history of default. Subsequent to the reporting date, the Group collected KD 69,160 (2021: KD 211,111) from the outstanding trade receivables.

The ageing analysis of the trade receivables is as follows:

2022

	Within 3 months	**From 3 to 6 months**	**More than 6 months**	**Total**
ECL rate	**0.69%**	**13.75%**	**39.19%**	**-**
Trade receivables	**68,075**	**51,930**	**355,865**	**475,870**
Allowance for ECL	**(997)**	**(7,108)**	**(136,867)**	**(144,972)**
	67,078	**44,822**	**218,998**	**330,898**

2021

	Within 3 months	From 3 to 6 months	More than 6 months	Total
ECL rate	0.69%	13.75%	39.19%	-
Trade receivables	214,073	152,225	518,795	885,093
Allowance for ECL	(1,472)	(20,934)	(203,334)	(225,740)
	212,601	131,291	315,461	659,353

(b) Allowance for ECL

	2022	2021
Balance as of the beginning of the year	**225,740**	-
Charge for the year	**-**	225,740
Foreign currency translation adjustments	**(80,768)**	-
Balance as of the end of the year	**144,972**	225,740

6. Financial assets at fair value through other comprehensive income ("FVOCI")

	2022	2021
Quoted securities	**7,347,500**	14,702,785
Unquoted securities	**1,353,597**	1,514,629
	8,701,097	16,217,414

Financial assets at FVOCI with a carrying value amounting to KD 4,615,818 (2021: KD 7,846,360) are pledged as collateral against bank facilities obtained by the Group from a local bank (Note 7).

Financial assets at FVOCI are denominated in the following currencies:

Currency	**2022**	2021
Kuwaiti Dinar	**8,126,257**	15,575,524
UAE Dirham	**574,840**	641,890
	8,701,097	16,217,414

Financial assets at FVOCI was valued based on the valuation basis as described in Note 21.

7. Bank facilities

Description	**2022**	2021
Overdraft facilities obtained as part of credit facilities contract with a local bank and carrying an annual interest rate of 2.5% over the CBK discount rate and is repayable on demand.	**-**	75,012
Term loan obtained from a local bank and carrying an annual interest rate of 2% over the CBK discount rate. The term loan to be repaid over five equal annual installments of KD 600,000 each with the next installment due on September 30, 2023 and the final installment due on September 30, 2025.	**1,800,000**	2,400,000
	1,800,000	2,475,012

- As of December 31, 2022, bank facilities are secured by pledging:
  a) Cash held in portfolio amounting to KD 3,249,594 (Note 4).
  b) Financial assets at FVOCI with a carrying value amounting to KD 4,615,818 (2021: KD 7,846,360) (Note 6).

- As of December 31, 2021, 100 million shares of Dar Al Dhabi Holding Co. K.S.C. (Holding) (formerly direct subsidiary of the Group and distributed as in-kind dividends during the year (Note 3)) were pledged against the bank facilities.

8. Accounts payable and other credit balances

	2022	2021
Due to Master Developer (a)	**-**	23,491,544
Due to contractor (a)	**-**	4,259,432
Advance received from customers (a)	**-**	5,831,025
Provision for a legal claim (a)	**-**	1,493,024
Lease liabilities	**71,233**	139,168
Trade payables	**40,367**	95,288
NLST payable	**156,708**	26,849
Zakat payable	**66,431**	17,646
Other credit balances	**421,052**	590,105
	755,791	35,944,081

(a) These amounts are relating to subsidiary distributed as in-kind dividends (Note 3).

9. Provision for end of service indemnity

	2022	2021
Balance as of the beginning of the year	**449,217**	424,314
Charge for the year	**34,724**	35,019
Paid during the year	**(66,241)**	(10,116)
Related subsidiary distributed as in-kind dividends (Note 3)	**(3,661)**	-
Balance as of the end of the year	**414,039**	449,217

10. Share capital

As of December 31, 2022, the Parent Company's authorized, issued and paid-up capital amounted to KD 33,362,542 allocated over 333,625,420 shares (2021: authorized capital amounted to KD 40,051,719 allocated over 400,517,190 shares and the paid-up capital amounting to KD 39,266,391) with a par value 100 fils each, and all shares are paid in cash.

Based on the decision of the postponed Shareholders' Extraordinary General Assembly held on September 28, 2022, the following matters were approved:

1. The reduction of the Parent Company's authorized and issued share capital from KD 40,051,719 (allocated over 400,517,190 shares) and the paid-up capital from KD 39,266,391 to KD 33,362,542 as follows:

   a) An amount of KD 785,328 that has not been paid (which is the amount of the increase previously allocated to the employees of the Parent Company that was approved by the Shareholders' Annual General Assembly held on April 27, 2011 and postponed Shareholders' Extraordinary General Assembly held on May 12, 2011, and notarized in the commercial register on June 2, 2011).

   b) An amount of KD 5,903,849 to offset the Parent Company's accumulated losses as of December 31, 2021 by decreasing the paid-up capital and cancellation of 59,038,490 shares with a par value 100 fils each, representing 15.035% of the paid-up capital of the Parent Company.

2. To amend Article (6) of the Memorandum of Incorporation and Article (5) of the Articles of Association of the Parent Company as follows:

   Before amendment
   The Parent Company's authorized capital amounting to KD 40,051,719 allocated over 400,517,190 shares and the paid-up capital amounting to KD 39,266,391 with a par value 100 fils each, and all shares are paid in cash.

   After amendment
   The Parent Company's authorized, issued and paid-up capital amounting to KD 33,362,542 allocated over 333,625,420 shares with a par value 100 fils each, and all shares are paid in cash.

   This amendment has been notarized in the Parent Company's commercial registry on October 12, 2022 (Note 14).

11. Treasury shares

	2022	2021
Number of shares	**25,761,710**	30,319,197
Percentage to authorized, issued and paid-up shares	**7.72%**	7.72%
Market value (KD)	**1,058,806**	1,485,641
Cost (KD)	**5,054,060**	5,948,170

As a result of cancellation of the Parent Company's share capital (Note 10), 4,557,487 shares have been cancelled from the outstanding treasury shares amounting to KD 894,110 representing the proportionate share of the capital reduction.

The Parent Company's management has allotted an amount equal to treasury shares balance from the voluntary reserve as of the financial reporting date (Note 13). Such amount will not be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

12. Statutory reserve

As required by 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 KFAS, 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. This reserve is not available for distribution except for in certain cases stipulated by law and the Parent Company's Articles of Association. Since there is a loss for the year and accumulated losses balance, there was no transfer to statutory reserve during the year.

13. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of 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 voluntary reserve. Such annual transfers may be discontinued by a resolution of the Shareholders' Annual General Assembly upon recommendation by the Board of Directors. Since there is a loss for the year and accumulated losses balance, there was no transfer to voluntary reserve during the year. There are no restrictions on the distribution of this reserve. Voluntary reserve is available to be distributed to shareholders at the discretion of the Parent Company's Board of Directors in ways that may be deemed beneficial to the Group, except for the amount of KD 5,054,060 (2021: KD 5,948,170) which is equivalent to the cost of purchasing treasury shares and is not available for distribution throughout the holding period of the treasury shares (Note 11).

14. Board of Directors' meeting, Shareholders Ordinary and Extraordinary General Assembly and interim dividends

(a) The Board of Directors meeting held on February 21, 2023, proposed not to distribute cash dividends and not to distribute Board of Directors' remuneration for the financial year ended December 31, 2022. These proposals are subject to the approval of the Shareholders' Annual General Assembly.

(b) The Shareholders' Annual General Assembly held on April 25, 2022, approved not to distribute cash dividends and not to distribute Board of Directors' remuneration for the financial year ended December 31, 2021.

(c) The postponed Extraordinary General Assembly held on September 28, 2022, approved the following:

- To reduce the Parent Company's authorized and issued share capital from KD 40,051,719 (allocated over 400,517,190 shares) and the paid-up capital from KD 39,266,391 to KD 33,362,542 (Note 10).

- To amend Article (6) of the Memorandum of Incorporation and Article (5) of the Articles of Association of the Parent Company.

- Adding Article (60) to the Company's Articles of Association as follows: "based on the recommendation of the Board of Directors and the approval of the Ordinary General Assembly, the Company can distribute interim dividends on half yearly or quarterly periods on condition that the dividends be distributed from realized profits, and not from paid-up capital, in accordance with generally accepted accounting principles. The Ordinary General Assembly can delegate the Board of Directors to distribute quarterly dividends during the year, as stipulated before, on condition that the dividends not being distributed from the Parent Company's paid-up capital".

  The amendments were notarized in the Parent Company's commercial registry at the Ministry of Commerce and Industry on October 12, 2022 and October 13, 2022.

(d) The Shareholders' Annual General Assembly held on November 29, 2022, approved the Board of Directors' proposal to distribute 407,909,190 shares of Dar Al Dhabi Holding Company K.S.C. (Holding) as in-kind dividends (Note 3).

15. Net investment income

	2022	2021
Unrealized (loss) gain from financial assets at FVTPL	**(56,468)**	88,804
Realized gain on sale of financial assets at FVTPL	**41,974**	-
Dividend income	**344,832**	140,176
	330,338	228,980

16. General and administrative expenses

General and administrative expenses include staff costs amounting to KD 412,596 (2021: KD 393,499) and depreciation and amortization charge amounting to KD 122,689 (2021: KD 86,227).

17. Basic and diluted loss per share attributable to shareholders of the Parent Company

There are no potential dilutive ordinary shares. Basic and diluted loss per share attributable to shareholders of the Parent Company is computed by dividing the loss for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	2022	2021
Loss for the year attributable to shareholders of the Parent Company from continuing operations	**(4,986,748)**	(347,750)
Loss for the year attributable to shareholders of the Parent Company from discontinued operations (Note 3)	**(1,282,085)**	(65,787)
Loss for the year attributable to shareholders of the Parent Company	**(6,268,833)**	(413,537)
	Shares	Shares
Weighted average number of issued and fully paid-up shares	**333,625,420**	392,663,910
Less: Weighted average number of treasury shares	**(29,133,002)**	(30,319,197)
Weighted average number of shares outstanding at the end of the year	**304,492,418**	362,344,713
	Fils	Fils
Basic and diluted loss per share attributable to shareholders of the Parent Company	**(20.588)**	(1.141)
Basic and diluted loss per share attributable to shareholders of the Parent Company from continuing operations	**(16.377)**	(0.960)
Basic and diluted loss per share attributable to shareholders of the Parent Company from discontinued operations	**(4.211)**	(0.182)

As there are no dilutive instruments outstanding, basic and diluted loss per share attributable to shareholders of the Parent Company are identical.

18. Related party balances and transactions

The Group has entered into various transactions with related parties, i.e. Shareholders, Board of Directors, Key management personnel and other related parties in the normal course of its business. Prices and terms of payment are to be approved by the Group's management. Significant related party balances and transactions are as follows:

	Shareholders	Other related parties	**2022**	2021
(i) Balances included in the consolidated statement of financial position:				
Accounts payable and other credit balances	-	-	**-**	50,000
Dividends payable to shareholders “included under accounts payable and other credit balances”	257,198	-	**257,198**	257,967
(ii) Balances included in the consolidated statement of financial position:				
Write off a receivable balance due from a related party (a)	-	4,243,651	**4,243,651**	-
(iii)Key management compensation:				
Salaries and other short-term benefits			**161,158**	163,307
Terminal benefits			**15,276**	18,074
			176,434	181,381

(a) The Parent Company’s management approved to write off the receivable due from Dar Al Dhabi Holding Company K.S.C. (Holding) (former subsidiary of the Group and distributed as in-kind dividends during the year (Note 3)). This transaction was subsequently approved by the Parent Company’s Board of Directors meeting No. 3 for the year 2023 held on February 21, 2023.

19. Segment information

For management purposes, the Group is organized into three main business segments based on internal reporting provided to the chief operating decision maker:

- **Investment Operations**: Investing for the Group’s benefit in securities, portfolios and funds.
- **Real Estate**: Holding investment properties for capital appreciation and selling other properties.
- **Industrial**: Production and manufacturing of ferrite and geese materials and selling them in the ordinary course of business.

The segment information for the reportable operating segments is as follows:

	2022				
	Investment Operations	**Real Estate**	**Industrial**	**Unallocated items**	**Total**
Total revenue	330,338	-	322,498	54,564	707,400
Unallocated operating expenses	-	-	-	(840,671)	(840,671)
Write off a receivable balance due from a related party	-	-	-	(4,243,651)	(4,243,651)
Loss on remeasurement of the remaining held equity interest in a former subsidiary	(139,503)	-	-	-	(139,503)
Finance charges	(104,246)	-	(622)	-	(104,868)
Foreign exchange loss	-	-	-	(150,370)	(150,370)
Loss for the year from continuing operations					(4,771,663)
Loss for the year from discontinued operations	-	(1,635,275)	-	-	(1,635,275)
NLST	-	-	-	(156,708)	(156,708)
Zakat	-	-	-	(62,683)	(62,683)
Loss for the year					(6,626,329)
Other information:					
Segment assets	16,294,213	-	1,410,608	-	17,704,821
Segment liabilities	2,214,039	-	171,137	584,654	2,969,830

	2021				
	Investment Operations	Real Estate (a)	Industrial	Unallocated items	Total
Total revenue	228,980	-	545,035	4,627	778,642
Unallocated operating expenses				(752,156)	(752,156)
Allowance for Expected Credit Losses ("ECL")	-	-	(225,740)	-	(225,740)
Finance charges	(119,130)	-	(327)	-	(119,457)
Foreign exchange loss	-	-	-	(11,396)	(11,396)
Loss for the year from continuing operations					(330,107)
Loss for the year from discontinued operations		(210,821)			(210,821)
NLST	-	-	-	(13,895)	(13,895)
Zakat	-	-	-	(3,748)	(3,748)
Loss for the year					(558,571)
Other information:					
Segment assets	16,532,236	73,341,331	2,422,517	77,514	92,373,598
Segment liabilities	2,924,229	35,075,025	342,805	557,651	38,899,710

(a) The segment information for 2021 has been restated to reflect the effect of discontinued operations (Note 3).

20. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and bank balances, financial assets at FVTPL, accounts receivable and other debit balances, financial assets at FVOCI, bank facilities, accounts payable and other credit balances and Murabaha payable and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest-bearing financial liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss through the impact on floating rate borrowings.

Year	**Increase / (Decrease) in interest rate**	**Balance on December 31 KD**	**Effect on consolidated statement of profit or loss KD**
2022			
Bank facilities	**± 0.5%**	**1,800,000**	**± (9,000)**
2021			
Bank facilities	± 0.5%	2,475,012	± (12,375)
Murabaha payable	± 0.5%	31,400	± (157)

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an 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, receivables and due from a related party. Receivables and due from a related party are presented net of allowance for ECL. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

Cash at banks

The Group's cash at banks measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash at banks 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.

Account receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

The Group's maximum exposure arising from default of the counterparty is limited to the carrying amount of cash at banks. Receivables and due from a related party.

c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between foreign currencies and Kuwaiti Dinar.

Year	Increase / (Decrease) against KD	Effect on consolidated statement of profit or loss	Effect on consolidated other comprehensive income
2022			
US Dollar	**± 5%**	**± 3,684**	**-**
UAE Dirham	**± 5%**	**-**	**± 28,742**
Egyptian Pound	**± 5%**	**-**	**± 45,894**
2021			
US Dollar	± 5%	± 1,152	-
UAE Dirham	± 5%	± 1,462,200	± 32,102
Egyptian Pound	± 5%	-	± 87,473

d) Liquidity risk

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

The maturity profile of assets and liabilities as at December 31 was as follows:

2022	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets:						
Cash and bank balances	7,448,329	-	-	-	-	7,448,329
Financial assets at FVTPL	144,787	-	-	-	-	144,787
Accounts receivable and other debit balances	-	-	661,189	-	-	661,189
Inventories	-	-	480,676	-	-	480,676
Financial assets at FVOCI	-	-	-	8,701,097	-	8,701,097
Property, plant and equipment	-	-	-	64,952	203,791	268,743
	7,593,116		1,141,865	8,766,049	203,791	17,704,821
Liabilities:						
Bank facilities	-	-	600,000	1,200,000	-	1,800,000
Accounts payable and other credit balances	-	-	755,791	-	-	755,791
Provision for end of service indemnity	-	-	-	-	414,039	414,039
	-	-	1,355,791	1,200,000	414,039	2,969,830

2021	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets:						
Cash and bank balances	434,653	-	-	-	-	434,653
Financial assets at FVTPL	314,822	-	-	-	-	314,822
Accounts receivable and other debit balances	-	-	1,139,978	-	-	1,139,978
Inventories	-	-	430,785	-	-	430,785
Financial assets at FVOCI	-	-	-	16,217,414	-	16,217,414
Properties under development	-	-	-	73,341,331	-	73,341,331
Property, plant and equipment	-	-	-	129,884	364,731	494,615
	749,475	-	1,570,763	89,688,629	364,731	92,373,598
Liabilities:						
Bank facilities	-	-	675,012	1,800,000	-	2,475,012
Accounts payable and other credit balances	35,075,025	47,041	762,782	59,233	-	35,944,081
Murabaha payable	-	-	31,400	-	-	31,400
Provision for end of service indemnity	-	-	-	-	449,217	449,217
	35,075,025	47,041	1,469,194	1,859,233	449,217	38,899,710

e) Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as financial assets at FVTPL and financial assets at FVOCI. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these equity instruments, to which the Group had significant exposure at December 31:

	2022			2021		
Market indices	**Change in equity price %**	**Effect on other comprehensive income**	**Effect on profit or loss**	Change in equity price %	Effect on other comprehensive income	Effect on profit or loss
Boursa Kuwait	**± 5%**	**± 367,375**	**± 7,239**	± 5%	± 735,139	± 15,741

21. Fair value measurement

The Group measures its financial assets such as financial assets at FVTPL and financial assets at FVOCI at fair value at each reporting date.

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

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

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

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at December 31:

2022	**Level 1**	**Level 2**	**Total**
Financial assets at FVTPL	**144,787**	**-**	**144,787**
Financial assets at FVOCI	**7,347,500**	**1,353,597**	**8,701,097**
Total	**7,492,287**	**1,353,597**	**8,845,884**

2021	Level 1	Level 2	Total
Financial assets at FVTPL	314,822	-	314,822
Financial assets at FVOCI	14,702,785	1,514,629	16,217,414
Total	15,017,607	1,514,629	16,532,236

During the year there were no transfers between different levels of fair value measurement.

22. Capital risk management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

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

For the purpose of capital risk management, the total capital resources consist of the following components:

	2022	2021
Bank facilities (Note 7)	**1,800,000**	2,475,012
Lease liabilities (Note 8)	**71,233**	139,168
Murabaha payable	**-**	31,400
Less: cash and bank balances	**(7,448,329)**	(434,653)
Net (surplus) / debt	**(5,577,096)**	2,210,927
Total equity	**14,734,991**	53,473,888
Total capital resources	**9,157,895**	55,684,815
Gearing ratio	**-**	3.97%