KUWAIT HOTELS COMPANY K.S.C.P.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

EY
Building a better working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT HOTELS COMPANY K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its 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' *International 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. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT HOTELS COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Expected credit losses (ECL) for trade receivables

As at 31 December 2022, trade receivables amounted to KD 932,794 representing 13% of total assets of the Group.

The Group determines the expected credit losses on trade receivables by using a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Trade receivables have been grouped based on shared credit risk characteristics and days past due.

Due to the significance of trade receivables and the complexity involved in the ECL calculation, this was considered as a key audit matter.

Our audit procedures included, among others, the following:

- We assessed the reasonableness of the assumptions used in the ECL calculation by comparing them with historical data adjusted for current market conditions and forward-looking information;
- We performed substantive procedures to test, on a sample basis, the completeness and accuracy of the information included in the debtors' ageing report;
- Further, in order to evaluate the appropriateness of management judgements, we verified on a sample basis, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures.; and
- We also considered the adequacy of the Group's disclosures relating to the ECL, management's assessment of the credit risk and their responses to such risks in Note 22 to the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT HOTELS COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in the Group's 2022 Annual Report

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 obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT HOTELS COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the 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 the 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, actions taken to eliminate threats or safeguards applied.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT HOTELS COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
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, together with the contents of 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 as amended, and its executive regulations as amended or by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2022 that might have had 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, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No.7 of 2010, concerning the Capital Markets Authority, and its related regulations during the year ended 31 December 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED AL OSAIMI
LICENCE NO. 68-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

14 February 2023
Kuwait

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	2022 KD	2021 KD
Revenue from contracts with customers	4	**3,183,568**	3,182,251
Management fees		**641,217**	467,388
Rental income		**1,166,143**	1,152,339
Revenue		**4,990,928**	4,801,978
Cost of sales	5	**(3,385,914)**	(3,286,114)
GROSS PROFIT		**1,605,014**	1,515,864
Administrative expenses	6	**(965,284)**	(1,066,832)
Operating profit		**639,730**	449,032
Other income	7	**5,072**	155,366
Net share of result of associates		**(11,847)**	44,873
PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST), ZAKAT AND DIRECTORS' REMUNERATION		**632,955**	649,271
KFAS		**(6,428)**	(6,459)
NLST		**(12,390)**	(10,279)
Zakat		**(7,384)**	(4,169)
Directors' remuneration	21	**-**	(30,000)
Income tax on overseas operations		**(1,340)**	(2,787)
PROFIT FOR THE YEAR		**605,413**	595,577
Attributable to:			
Equity holders of the Parent Company		**604,777**	595,841
Non-controlling interests		**636**	(264)
		605,413	595,577
BASIC AND DILUTED EARNINGS (PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	8	**10.72 fils**	10.56 fils

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 *KD*	*2021* *KD*
PROFIT FOR THE YEAR	**605,413**	595,577
Other comprehensive (loss) income		
Other comprehensive (loss) income that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of foreign operations	**(43,539)**	6
Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods	**(43,539)**	6
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity instruments designated at fair value through other comprehensive income	**(11,589)**	944
Net other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods	**(11,589)**	944
Other comprehensive (loss) income for the year	**(55,128)**	950
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**550,285**	596,527
Attributable to:		
Equity holders of the Parent Company	**549,649**	596,791
Non-controlling interests	**636**	(264)
	550,285	596,527

The attached notes 1 to 25 form part of this consolidated financial statements.

Kuwait Hotels Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	*2022* *KD*	*2021* *KD*
ASSETS			
Non-current assets			
Property and equipment	9	**837,865**	979,116
Investment property	10	**1,270,172**	1,366,324
Investment in associates		**223,346**	236,969
Investment securities	11	**39,480**	9,019
		2,370,863	2,591,428
Current assets			
Inventories		**4,626**	6,542
Accounts receivable and prepayments	12	**1,672,219**	1,213,158
Amount due from related parties	21	**87,368**	130,965
Investment securities	11	**-**	75,736
Cash and cash equivalents	13	**2,798,390**	2,810,254
		4,562,603	4,236,655
TOTAL ASSETS		**6,933,466**	6,828,083
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**5,775,000**	5,775,000
Statutory reserve	15	**839,017**	775,721
Voluntary reserve	15	**436,311**	373,015
Treasury shares	16	**(223,952)**	(223,952)
Fair value reserve	15	**(133,535)**	(125,038)
Foreign currency translation reserve	15	**(416,508)**	(372,969)
Other reserve	15	**(513,600)**	(513,600)
Accumulated losses		**(993,964)**	(1,186,892)
Equity attributable to equity holders of the Parent Company		**4,768,769**	4,501,285
Non-controlling interests		**350**	(286)
Total equity		**4,769,119**	4,500,999
Non-current liabilities			
Employees' end of service benefits	17	**476,359**	651,157
Current liabilities			
Trade and other payables	18	**1,687,988**	1,606,222
Amounts due to related parties	21	**-**	69,705
		1,687,988	1,675,927
Total liabilities		**2,164,347**	2,327,084
TOTAL EQUITY AND LIABILITIES		**6,933,466**	6,828,083

Talal Sultan Al-Shehab
Chairman

The attached notes 1 to 25 form part of this consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to equity holders of the Parent Company										
	Share capital KD	*Statutory reserve KD*	*Voluntary reserve KD*	*Treasury shares KD*	*Fair value reserve KD*	*Foreign currency translation reserve KD*	*Other reserve KD*	*Accumulated losses KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
As at 1 January 2022	5,775,000	775,721	373,015	(223,952)	(125,038)	(372,969)	(513,600)	(1,186,892)	4,501,285	(286)	4,500,999
Profit for the year	-	-	-	-	-	-	-	604,777	604,777	636	605,413
Other comprehensive loss for the year	-	-	-	-	(11,589)	(43,539)	-	-	(55,128)	-	(55,128)
Total comprehensive (loss) income for the year	-	-	-	-	(11,589)	(43,539)	-	604,777	549,649	636	550,285
Transfer to reserves (note 15)	-	63,296	63,296	-	-	-	-	(126,592)	-	-	-
Fair value gain reclassified to retained earnings on disposal of investment securities	-	-	-	-	3,092	-	-	(3,092)	-	-	-
Dividend (note 14.2)	-	-	-	-	-	-	-	(282,165)	(282,165)	-	(282,165)
At 31 December 2022	**5,775,000**	**839,017**	**436,311**	**(223,952)**	**(133,535)**	**(416,508)**	**(513,600)**	**(993,964)**	**4,768,769**	**350**	**4,769,119**
As at 1 January 2021	5,775,000	716,137	313,431	(223,952)	(125,982)	(372,975)	(513,600)	(1,663,565)	3,904,494	(22)	3,904,472
Profit for the year	-	-	-	-	-	-	-	595,841	595,841	(264)	595,577
Other comprehensive income	-	-	-	-	944	6	-	-	950	-	950
Total comprehensive income	-	-	-	-	944	6	-	595,841	596,791	(264)	596,527
Transfer to reserves (note 15)	-	59,584	59,584	-	-	-	-	(119,168)	-	-	-
At 31 December 2021	5,775,000	775,721	373,015	(223,952)	(125,038)	(372,969)	(513,600)	(1,186,892)	4,501,285	(286)	4,500,999

The attached notes 1 to 25 form part of this consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 KD	2021 KD
OPERATING ACTIVITIES			
Profit before tax		**632,955**	649,271
Adjustments to reconcile profit before tax for the year to net cash flows:			
Depreciation of property and equipment	9	**154,162**	169,045
Depreciation on investment property		**96,152**	98,933
Gain on disposal of items of property and equipment	9	**(131,752)**	(19,970)
Provision for employees' end of service benefits	17	**119,226**	110,111
Net allowance for expected credit losses on trade receivables	12	**159,295**	12,253
Interest income	7	**(25,132)**	(14,869)
Unrealised gain on equity instruments designated at fair value through profit or loss		**-**	(19,565)
Realised loss on equity instruments designated at fair value through profit or loss		**33,772**	-
Share of result of associates		**11,847**	(44,873)
		1,050,525	940,336
Working capital adjustments:			
Inventories		**1,916**	4,511
Accounts receivable and prepayments		**(618,356)**	(8,555)
Amount due from related parties		**43,597**	(12,039)
Trade and other payables		**37,451**	(164,790)
Dividend payable		**(25,780)**	-
Amount due to related parties		**(69,705)**	55,613
Cash flows from operations		**419,648**	815,076
Employees' end of service benefits paid	17	**(294,024)**	(238,925)
Taxes paid		**(23,694)**	-
Net cash flows from operating activities		**101,930**	576,151
INVESTING ACTIVITIES			
Purchase of items of property and equipment	9	**(13,930)**	(28,993)
Proceeds from disposal of items of property and equipment	9	**132,771**	21,514
Dividend from associate		**-**	25,000
Investment in an associate		**-**	(50,000)
Interest income received		**25,132**	14,869
Net movement in short-term deposits		**-**	35,578
Net cash flows from investing activities		**143,973**	17,968
FINANCING ACTIVITY			
Dividend paid	14	**(256,385)**	-
Net cash flows used in financing activities		**(256,385)**	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(10,482)**	594,119
Net foreign exchange differences		**(1,382)**	1,898
Cash and cash equivalents at 1 January		**2,810,254**	2,214,237
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	**2,798,390**	2,810,254
NON-CASH ITEMS:			
Transfer to investment property (adjusted with property and equipment)		**-**	1,465,257

The attached notes 1 to 25 form part of this consolidated financial statements.

1 CORPORATE AND GROUP INFORMATION

1.1 CORPORATE INFORMATION

The consolidated financial statements of Kuwait Hotels Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 14 February 2023 and the shareholders have the power to amend these consolidated financial statements at the annual general assembly meeting (AGM).

The Parent Company is a public shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded on Boursa Kuwait. The registered office is located at P. O. Box 833, Safat 13009, Kuwait.

The Parent Company is a subsidiary of Petrobrit Kuwait General Trading & Contracting Company W.L.L. (the 'Ultimate Parent Company'), a company incorporated in the State of Kuwait.

The principal activities of the Parent Company is owning, operating and managing hotel, commercial and residential properties, catering services, importing of consumer durables, machinery and equipment and investment in similar business in or outside Kuwait.

Information on the Group's structure is provided below. Information on other related party relationships of the Group is provided in Note 21.

1.2 GROUP INFORMATION

a) Subsidiaries

The consolidated financial statements of the Group include:

Name	*Country of incorporation*	*% equity interest* 2022	*% equity interest* 2021	Principal activities
Directly held:				
Kuwait Catering Company K.S.C. (Closed) ("KCC")	Kuwait	**99.54%**	99.54%	Catering services
Safat Catering Services Company K.S.C. (Closed) ("SCC")	Kuwait	**99%***	99%*	Catering services and manpower supply
Safir International Hotel Management Company E.C. ("SIHM")	Kingdom of Bahrain	**99.9%***	99.9%*	Hotel management
Safir International Hotel and Resort Management L.L.C ("SIHRM Dubai")	United Arab Emirates	**100%**	100%	Hotel contract management
Indirectly held:				
Safir Support Services Company K.S.C. (Closed) (*Indirectly held through KCC)*	Kuwait	**99.7%***	99.7%*	Manpower supply
Ramo Trading Company W.L.L. (*Indirectly held through SCC)*	Kuwait	**99.9%***	99.9%*	Pastry and bakery manufacturing and trading

* Parent Company has majority stake in the above subsidiaries and the remaining shares are held by nominees, who have confirmed in writing that Parent Company is the beneficial owner.

1 CORPORATE AND GROUP INFORMATION (continued)

1.2 GROUP INFORMATION (continued)

b) Associates

Set out below are the associates of the Group as at 31 December:

Name	*Country of incorporation*	*% equity interest 2022*	*% equity interest 2021*	Principal activities
Abu Nawas for Tourism and Services	Tunisia	**50%**	50%	Travel and tourism related services.
Caf Café Company W.L.L.	Kuwait	**50%**	50%	Catering services
Milk Box Catering Company W.L.L.	Kuwait	**50%**	50%	Catering services

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for investment securities that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is also the functional currency of the Parent Company.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the consolidated financial statements of the Group as it is not a first time adopter.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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 snbstantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measnrement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the year.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt those standards when they become effective. However, the Group expects no significant impact from the adoption of the amendments on its financial position or performance.

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES

2.5.1 Business combinations and acquisition of non-controlling interests

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acqnisition-related costs are expensed as incurred and included in administrative expenses.

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

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.5.2 Revenue recognition

Revenue from contracts with customers is recognised 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 concluded that it is the principal in all of its revenue arrangements since it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.2 Revenue recognition (continued)

Sale of goods (continued)

(i) Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group has no contracts with a right of return and volume rebates.

(ii) Significant financing component
Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good to the customer and when the customer pays for that good will be one year or less. The Group does not receive any long-term advances from customers.

Management fees
The Group receives fees for providing specific administrative tasks in relation to certain properties under management. These services include formulating marketing strategy, training programmes, feasibility studies and managing hotel. These services represent a single performance obligation comprised of a series of distinct daily services that are substantially the same and have the same pattern of transfer over the contract period. As the benefit to the customer of the services is transferred evenly over the contract period, these fees are recognised as revenue evenly over the period, based on time elapsed.

Revenue from rendering of services
Revenue from rendering services is recognised when the performance obligation is satisfied over-time and payment is generally due upon completion of the services and acceptance of the customer. In some contracts, advances are required before the service are rendered.

Rental income
The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of the leased property.
Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

2.5.3 Taxes

Kuwait Foundation for the Advancement of Sciences (KFAS)
The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

National Labour Support Tax
NLST is calculated at 2.5% of the profit for the year attributable to the Parent Company in accordance with Law No. 19 of 2000 and the Ministry of Finance resolutions No. 24 of 2006.

Zakat
Contribution to Zakat is calculated at 1% of the profit for the year attributable to Parent Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

Taxation on overseas subsidiary
Income tax on overseas subsidiary represents tax for operations in Egypt and is calculated in accordance with the applicable tax law of these countries.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.3 Taxes (continued)

Taxation on overseas subsidiary (continued)
Income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

2.5.4 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

➢ Buildings on leasehold land	10 to 25 years
➢ Machinery, equipment and furniture	3 to 15 years
➢ Leasehold improvements and decorations	4 to 10 years
➢ Motor vehicles	3 to 8 years

When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5.5 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.6 Inventories
Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
- Raw materials: purchase cost on weighted average basis
- Finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make sale.

2.5.7 Impairment of non-financial assets
The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amonnt is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value nsing a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.5.8 Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair valne through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.8 Financial instruments - initial recoguitiou and subsequent measurement (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractnal cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables and amounts due from related parties.

b) Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group has no debt instruments at fair value through OCI as at the reporting date.

c) Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes certain equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.8 Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables and amount due to related parties.

All financial liabilities are recognised initially at fair value and, in the case of accounts payable, net of directly attributable transaction costs. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of IFRS 9.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.8 Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

The Group has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Group.

Financial liabilities at amortised cost
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Trade and other payables
Trade and other payables are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

Derecognition
A financial liability is derecognised 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 recognised in the consolidated statement of profit or loss.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.5.9 Dividend distribution
The Group recognises a liability to pay a dividend when the distribution is no longer at the discretion of the Group. As per the Companies Law, a distribution is authorised when it is approved by the shareholders at the AGM. A corresponding amount is recognised directly in equity.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

2.5.10 Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, non-restricted cash at banks and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, non-restricted cash at banks and short-term deposits, as defined above, as they are considered an integral part of the Group's cash management.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.11 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged in equity. When the treasury shares are reissued, gains are credited to a separate account in equity (the "treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of 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.

2.5.12 Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

The Group also makes contributions to the applicable government defined contribution plans, calculated as a percentage of the employees' salaries in accordance with the legal requirements of the countries where the Group operates. The Group's obligations are limited to these contributions, which are expensed when due.

2.5.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.5.14 Foreign currencies

The Group's consolidated financial statements are presented in Kuwaiti Dinar, which is also the Parent Compauy's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.14 Foreign currencies (continued)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

On consolidation, the assets and liabilities of foreign operations are translated at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.5.15 Contingencies

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

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

2.5.16 Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers, distribution methods and nature of regulatory environment where appropriate are aggregated and reported as reportable segments.

2.5.17 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.18 Fair value measurement

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

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

The principal or the most advantageous market must be accessible to by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

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

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

2.5.19 Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its consolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, 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 recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term of assets.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section 2.5.16 *Impairment of non-financial assets.*

- *Lease liabilities*

At the commencement date of the lease, the Group recognises 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 recognised 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 interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured 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 (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 to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.21 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less depreciation and impairment, if any.

Investment properties are depreciated as follows;

Building	15 years

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the consolidated financial statements:

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer Note 2.5.8 classification of financial assets for more information.

Going concern

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

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade and other receivables

The Group assesses, on a forward-looking basis, the ECLs associated with its debt instruments carried at amortised cost. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Estimates and assumptions (continued)

Provision for expected credit losses of trade and other receivables (continued)
For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

Impairment of non-financial assets
The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2022	*2021*
Type of service		
Catering & Manpower supply	**3,183,568**	3,182,251
Geographical markets		
Kuwait	**3,183,568**	3,182,251
Timing of revenue recognitian		
Services transferred over time	**3,183,568**	3,182,251

5 COST OF SALES

	2022 *KD*	*2021* *KD*
Staff costs	**2,482,369**	2,370,193
Rental expenses	**315,468**	316,165
Depreciation expense (Note 9)	**170,597**	180,365
Cost of inventories recognised as an expense	**33,571**	72,007
Other direct costs	**383,909**	347,384
	3,385,914	3,286,114

6 ADMINISTRATIVE EXPENSES

	2022 *KD*	*2021* *KD*
Staff costs	**447,988**	502,972
Depreciation expense (Note 9)	**79,717**	87,613
Professional charges	**92,494**	122,343
Expense relating to short-term leases	**33,945**	51,523
Other general and administrative expenses	**311,140**	302,381
	965,284	1,066,832

7 OTHER INCOME

	2022 *KD*	*2021* *KD*
Gain on disposal of property and equipment	**131,752**	19,970
Rent concession*	-	98,144
Income from service contracts	**79,540**	69,654
Unrealised gain on equity instruments designated at fair value through profit or loss	-	19,565
Realised loss on equity instruments designated at fair value through profit or loss	**(33,772)**	-
Net allowance for expected credit losses	**(159,295)**	(12,253)
Interest income	**25,132**	14,869
Chalet transfer charges	**14,000**	22,000
Net foreign exchange (loss)	**(70,973)**	(128,103)
Write back of liabilities	-	23,923
Other miscellaneous income	**18,688**	27,597
	5,072	155,366

* Rent concession represents concessions received by the Group from its lessor as a result of COVID-19 pandemic.

8 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	2022	*2021*
Profit for the year attributable to equity holders of the Parent Company (KD)	**604,777**	595,841
Weighted average number of shares outstanding (shares) *	**56,433,300**	56,433,300
Basic and diluted EPS (fils)	**10.72**	10.56

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements.

9 PROPERTY AND EQUIPMENT

	Building on leasehold land KD	*Machinery, equipment and furniture KD*	*Leasehold improvements and decorations KD*	*Motor vehicles KD*	*Total KD*
Cost:					
At 1 January 2021	3,832,428	1,783,529	756,595	390,299	6,762,851
Transfer to investment property *	(2,414,430)	-	-	-	(2,414,430)
Additions	-	9,854	19,139	-	28,993
Disposals	-	(141,143)	(350)	(86,419)	(227,911)
At 31 December 2021	1,417,998	1,652,240	775,384	303,881	4,159,503
Additions	-	13,720	-	210	13,930
Disposals	-	(56,284)	-	(282,993)	(339,277)
At 31 December 2022	**1,417,998**	**1,609,676**	**775,384**	**21,098**	**3,824,156**
Depreciation:					
At 1 January 2021	1,506,625	1,590,438	720,591	359,228	4,176,882
Transfer to investment property *	(949,173)	-	-	-	(949,173)
Depreciation charge for the year	58,104	77,136	15,173	18,632	169,045
Disposals	-	(139,822)	(127)	(176,479)	(316,428)
At 31 December 2021	615,556	1,527,752	735,637	201,381	3,080,326
Depreciation charge for the year	56,470	65,827	20,729	11,136	154,162
Disposals	-	(55,278)	-	(192,919)	(248,197)
At 31 December 2022	**672,026**	**1,538,301**	**756,366**	**19,598**	**2,986,291**
Net book value:					
At 31 December 2022	**745,972**	**71,375**	**19,018**	**1,500**	**837,865**
At 31 December 2021	802,442	124,488	39,747	12,439	979,116

* In 2021, the Group rented out a portion of its building, previously used for its own administrative use and classified under property and equipment to a third party. As a result, the rented-out portion under an operating lease with a net carrying amount of KD 1,465,257 has been reclassified and accounted for separately as investment property at the date of change in use (note 10).

9 PROPERTY AND EQUIPMENT (continued)

Depreciation
The depreciation included in the consolidated statement of profit or loss for property and equipment of KD 154,162 (2021: KD 109,045) and investment property of KD 96,152 (2021: KD 98,833) (Note 10) is allocated as follows:

	2022 *KD*	*2021* *KD*
Cost of sales	**170,597**	180,365
Administrative expenses	**79,717**	87,613
	250,314	267,978

Disposals of property and equipment
In 2022, the Group disposed items of property and equipment with a total net carrying amount of KD 1,019 (2021: KD 1,544) for a cash consideration of KD 132,771 (2021: KD 21,514). The net gain on these disposals amounting to KD 131,752 (2021: loss of KD 19,970) were recognised as part of other income in the consolidated statement of profit or loss.

Fair value disclosure of building on leasehold land
The Group complies with the real estate valuation procedures set out in Module 11 "Dealing in Securities" of the CMA Executive Bylaws, which require valuations of local real estate properties classified as plant, property and equipment to be determined by at least two independent, registered and accredited real estate appraised provided that one of them is a local bank and that the lower value is taken into account.

The fair value of the building on leasehold land as at 31 December 2022 is determined based on valuations carried out by the respective appraisers using the market comparison approach amounted to KD 832,500 (2021: KD 855,070).

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

10 INVESTMENT PROPERTIES

In 2021, the Group rented out a portion of its building, previously used for its own administrative use and classified under property and equipment to a third party. As a result, the rented-out portion under an operating lease with a net carrying amount of KD 1,465,257 has been reclassified and accounted for separately as investment property at the date of change in use.

	2022 *KD*	*2021* *KD*
Rental income derived from investment properties (included in rental income)	**151,692**	148,074
Depreciation (included in cost of sales)	**(96,152)**	(98,933)
Direct operating expenses (included in cost of sales)	**(102,623)**	(65,895)
	(47,083)	(16,754)

As at 31 December 2022, the fair value of the investment properties amounted to KD 1,417,500 (2021: KD 1,455,930)

The fair value of the investment properties has been determined based on valuations obtained from two independent valuers, who are an industry specialised in valuing these types of investment properties, one of these valuers is a local bank.

Both valuators have used the following method for developed properties which generate rental income have been valued using the income capitalisation approach.

All investment properties are considered under level 3 of the fair value hierarchy, and there were no transfers between level 1 and level 2 fair value measurements and no transfer into and out of level 3 fair value measurements.

11 INVESTMENT SECURITIES

	2022 *KD*	*2021* *KD*
Financial assets at fair value through other comprehensive income:		
Quoted equity securities	**38,745**	-
Unquoted equity securities	**735**	9,019
	39,480	9,019
Financial assets at fair value profit or loss:		
Unquoted equity securities	**-**	75,736
Investment securities (at fair value)	**39,480**	84,755

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 23.

12 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2022 *KD*	*2021* *KD*
Trade receivables	**1,641,901**	1,304,643
Less: Allowance for expected credit losses	**(709,107)**	(661,203)
	932,794	643,440
Prepayments and other receivables	**739,425**	569,718
	1,672,219	1,213,158

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Note 22.1 includes disclosures relating to the credit risk exposures and on analysis relating to the allowance for expected credit losses on the Group's trade receivables. Other classes within accounts receivable do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2022 *KD*	*2021* *KD*
At 1 January	**661,203**	648,950
Net allowance for expected credit losses recognised in profit or loss	**159,295**	12,253
Receivables written off during the year as uncollectible*	**(111,391)**	-
	709,107	661,203

* Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 730 days past due.

13 CASH AND CASH EQUIVALENTS

	2022 *KD*	*2021* *KD*
Cash at banks and on hand	**1,977,955**	838,713
Short-term deposits	**820,435**	1,971,541
Cash and cash equivalents	**2,798,390**	2,810,254

Short-term deposits are made for varying periods between one to three months, depending on the immediate cash requirements of the Group, and earn interest at an average effective interest ranging from 1% to 3.375% (2021: 1% to 1.125%) per annum.

At 31 December 2022, the Group had available KD 400,000 (2021: KD 400,000) of undrawn committed borrowing facilities that may be drawn at any time and may be terminated by the bank without notice.

14 EQUITY

14.1 Share Capital

	Number of shares		*Authorised, issued and fully paid*	
	2022	*2021*	*2022* *KD*	*2021* *KD*
Shares of 100 fils each (paid in cash)	**57,750,000**	57,750,000	**5,775,000**	5,775,000

14.2 Dividend

The annual general assembly meeting (AGM) of the shareholders of the Parent Company held on 17 May 2022 approved cash dividends of 5 fils per share aggregating to KD 282,165 for the year ended 31 December 2021 (2020: Nil). The Parent Company has paid KD 256,385 and the remaining balance amounting to KD 25,780 is shown as dividends payable under accounts payable and accruals.

15 RESERVES

15.1 Statutory reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before tax and board of directors' remuneration shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

15.2 Voluntary reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year before tax and board of directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

15.3 Fair value reserve

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

15.4 Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

15 RESERVES (continued)

15.5 Other reserve

Other reserve represents the effect of changes in ownership interests in subsidiaries without loss of control.

16 TREASURY SHARES

	2022 *KD*	*2021* *KD*
Number of shares	**1,316,700**	1,316,700
Percentage of issued shares	**2.33%**	2.33%
Cost (KD)	**223,952**	223,952
Market value (KD)	**233,056**	92,169

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

17 EMPLOYEES' END OF SERVICE BENEFITS

Set out below is the movement in the provision for employees' end of service benefits:

	2022 *KD*	*2021* *KD*
At 1 January	**651,157**	779,971
Charge for the year	**119,226**	110,111
Payments	**(294,024)**	(238,925)
	476,359	651,157

18 TRADE AND OTHER PAYABLES

	2022 *KD*	*2021* *KD*
Trade payables	**184,217**	140,411
Unearned revenue	**576,297**	576,297
Taxes payable	**27,542**	23,694
Advance from customers	**-**	12,883
Employee payables	**247,495**	344,760
Refundable deposits	**54,310**	89,038
Other accruals and payables	**598,127**	419,139
	1,687,988	1,606,222

Terms and conditions of the above financial liabilities are:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have average term of six months

For explanation on the Group's liquidity risk management process, refer to Note 22.2

19 SEGMENT INFORMATION

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

- **Hotel Management:** Owning, operating and managing of hotels and chalets and managing investment property.
- **Catering and manpower supply services:** Providing catering and manpower supply services to governmental and non-governmental institutions.

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

19 SEGMENT INFORMATION (continued)

The following table presents segment revenue and results information regarding the Group's business segments:

	Hotel management		*Catering and manpower supply services*		*Total*	
	2022 KD	*2021 KD*	***2022 KD***	*2021 KD*	***2022 KD***	*2021 KD*
Revenue						
Rental income	**1,166,143**	1,152,339	**-**	-	**1,166,143**	1,152,339
Revenue from contracts with customers	**-**	-	**3,183,568**	3,182,251	**3,183,568**	3,182,251
Management fees	**641,217**	467,388	**-**	-	**641,217**	467,388
Interest income	**25,132**	14,869	**-**	-	**25,132**	14,869
	1,832,492	1,634,596	**3,183,568**	3,182,251	**5,016,060**	4,816,847
Expenses						
Cost of inventories recognised as an expense	**-**	-	**(33,571)**	(72,007)	**(33,571)**	(72,007)
Share of results of an associate	**(727)**	(785)	**(11,120)**	45,658	**(11,847)**	44,873
(Allowance for) reversal of expected credit losses	**(63,353)**	17,261	**(95,942)**	(29,514)	**(159,295)**	(12,253)
SEGMENT PROFIT	**11,291**	37,911	**621,664**	611,360	**632,955**	649,271
ASSETS	**5,110,731**	5,211,779	**1,822,735**	1,616,304	**6,933,466**	6,828,083
LIABILITIES	**1,526,456**	1,693,092	**637,891**	633,992	**2,164,347**	2,327,084
Other disclosures:						
Depreciation of property and equipments	**(107,464)**	(75,374)	**(46,698)**	(93,671)	**(154,162)**	(169,045)
Depreciation on investment property	**(96,152)**	(98,933)	**-**	-	**(96,152)**	(98,933)
Investment in an associate	**26,942**	29,446	**196,404**	207,523	**223,346**	236,969
Purchase of property and equipment	**13,930**	19,139	**-**	9,854	**13,930**	28,993

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

At the reporting date, the Group has provided bank guarantees to its customers for the performance for certain contracts of KD 1,250,824 (2021: KD 1,551,867). No material liability is expected to arise.

20.2 Commitments

The Group has capital commitment amounting to KD 415,356 (31 December 2021: KD 663,443) towards the renovations and operational requirement of Safir Sharm Waterfalls, Sharm El Sheikh.

21 RELATED PARTY DISCLOSURES

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

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

	Major shareholder KD	*Other Affiliates** KD*	*2022 KD*	*2021 KD*
Revenue from contracts with customers*	-	**308,522**	**308,522**	180,004
Rental income		**38,232**	**38,232**	5,670
Management fees*	**72,055**	-	**72,055**	177,384
Cost of sales*	**(52,800)**	-	**(52,800)**	(105,600)
Administrative expenses*	**(23,268)**	-	**(23,268)**	(52,781)

The following tables shows the outstanding balances with related parties:

	2022 KD	*2021 KD*
Consolidated statement of financial position		
Amount due from related parties	**87,368**	130,965
Amount due to related parties	-	69,705

**The transaction pertains to previous major shareholder who has disposed off the equity interest in the Parent Company. The transactions are disclosed till the date of the transfer.*

***Other affiliates relates to associates and entities under common control.*

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms approved by the Group's management. Outstanding balances at the year-end are unsecured and interest free and have no fixed repayment schedule. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (2021: Nil).

Key management compensation

Key management personnel comprise of the Board of Directors and key member of the management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	Transaction values for the year ended 31 December		*Balance outstanding as at 31 December*	
	2022 KD	*2021 KD*	***2022 KD***	*2021 KD*
Salaries and short-term employee benefits	**177,855**	160,972	**4,423**	28,777
End of services benefits	**14,893**	13,240	**5,335**	198,882
	192,748	174,212	**9,758**	227,659

21 RELATED PARTY DISCLOSURES (continued)

Key management compensation (continued)
The Board of Directors of the Parent Company has not proposed a directors' remuneration for the year ended 31 December 2022 (2021: 30,000). Any such proposal is subject to the approval of the shareholders at the AGM of the Parent Company.

22 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk which is further sub-divided into interest rate risk, foreign currency risk and equity price risk. The Group's policy is to monitor those business risks through the Group's strategic planning process.

The Group's principal financial liabilities comprise of accounts payable and accruals. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivable and cash and cash equivalents which are directly from its operations.

The management of the Parent Company is ultimately responsible for the overall risk management approach and for approving the risk strategy. The management reviews and agrees policies for managing each of these risks which are summarised below:

22.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily trade and other receivables, and from its financing activities, including deposits with banks.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2022 *KD*	*2021* *KD*
Cash at banks	**1,977,955**	838,713
Short-term deposits	**820,435**	1,971,541
Trade receivables	**932,794**	643,440
Amounts due from related parties	**87,368**	130,965
Other receivables (excluding prepayments)	**252,044**	290,172
	4,070,596	3,874,831

Balances with banks and short-term deposits
Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies.

Impairment on cash and short-term deposits has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and short-term deposits have low credit risk based on the external credit ratings of the counterparties.

Trade receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group limits its exposure to credit risk from accounts receivables by establishing a maximum payment period of three months for individual and corporate customers respectively.

The majority of the Group's customers have been transacting with the Group for over three years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a corporate or government entities, trading history with the Group and existence of previous financial difficulties.

22 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

22.1 Credit risk (continued)

Trade receivables (continued)
At 31 December 2022, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows:

	2022 *KD*	*2021* *KD*
Individual customers	**90,062**	120,928
Corporate customers	**295,469**	251,297
Government	**547,263**	271,215
	932,794	643,440

At 31 December 2022, the Group had two customer (2021: four) that owed it more than KD 50,000 each and accounted for approximately 15% (2021: 39%) of all the receivables outstanding. There were two customer (2021: one customers) with balances greater than KD 100,000 accounting for just over 51 % (2021: 14%) of the total amounts of receivable. There are no guarantees against these receivables, but management closely monitors the receivable balance on a monthly basis and is in regular contact with these customers to mitigate risk.

An impairment analysis is performed at each reporting date using a provisiou matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below. The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Days past due			
	Current	*<90 days*	*91-180 days*	*>180 days*	*Total*
31 December 2022	*KD*	*KD*	*KD*	*KD*	*KD*
Expected credit loss rate	-	**1.27%**	**1.35%**	**92.77%**	**43.19%**
Total gross carrying amount at default	**491,654**	**267,543**	**123,821**	**758,883**	**1,641,901**
Expected credit loss	-	**3,390**	**1,666**	**704,051**	**709,107**
31 December 2021	*KD*	*KD*	*KD*	*KD*	*KD*
Expected credit loss rate	-	1.53%	6.98%	88.95%	50.68%
Total gross carrying amount at default	280,533	180,843	111,723	731,544	1,304,643
Expected credit loss	-	2,758	7,793	650,652	661,203

Amounts due from related parties and other receivables
Amounts due from related parties and other receivables are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term. As a result, the impact of applying the expected credit risk model at the reporting date was immaterial.

22 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

22.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also managed liquidity risk by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2022	***Less than 3 months KD***	***3 – 12 months KD***	***Total KD***
Trade and other payables*	**184,217**	**927,474**	**1,111,691**

31 December 2021	*Less than 3 months KD*	*3 – 12 months KD*	*Total KD*
Trade and other payables*	140,411	889,514	1,029,925

* *excluding unearned revenue*

22.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk, and equity price risk.

22.3.1 Interest rate risk

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

Financial instruments, which potentially subject the Group to interest rate risk, consist principally of cash and short-term deposits. The Group's term deposits are short-term in nature and yield interest at commercial rates. Therefore, the Group believes there is minimal risk of significant losses due to interest rate fluctuations.

As at the reporting date, the Group does not hold interest bearing liabilities.

22.3.2 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 exchange rates.

Foreign currency risk is managed on the basis of limits determined by management and a continuous assessment of the Group's open positions and current and expected exchange rate movements.

22 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

22.3 Market risk (continued)

22.3.2 Foreign currency risk (continued)

The table below indicates the Group's foreign currency exposure at 31 December 2022, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of 5% in the KD currency rate with all other variables held constant, on the consolidated statement of profit or loss (due to the fair value of currency sensitive monetary assets and liabilities).

The Group has the following foreign currency exposures at 31 December as a result of its monetary assets and liabilities:

	Foreign currency denominated balances		*Change in currency rate by 5% and its effect on results for the year*	
	2022	*2021*	***2022***	*2021*
	KD	*KD*	***KD***	*KD*
Egyptian Pounds (EGP)	**202,956**	181,794	**±10,148**	±9,090
Oman Riyal (OMR)	**30,788**	60,334	**±1,539**	±3,017
Qatar Riyal (QAR)	**17,918**	34,782	**±896**	±1,739
Syrian pound (SYP)	**58,614**	36,755	**±2,931**	±1,838
Lebanese pound (LBP)	**8,568**	8,568	**±428**	±428

22.3.3 Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity price risk on its quoted investment securities. The Group manages this risk through diversification of investments in terms of industry concentration.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes inequity prices, with all other variables held constant.

	Market index	*Change in stock prices by*	***Effect on OCI KD***
2022			
Quoted securities	**Boursa Kuwait**	± 5%	**1,937**

23 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of its assets and liabilities by valuation technique:

- 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; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts as these are either of short-term maturity (no longer than twelve months) or re-priced immediately based on market movement in interest rates. For amounts due from (to) related parties that have no specified repayment dates and that are receivable (payable) on demand, management assessed that the fair value is not less than their face value.

23 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

a) Financial assets

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

2022	*Fair value KD*	*Level of hierarchy*	*Valuation technique*	*Significant unobservable inputs*
Financial assets at fair value through other comprehensive income:				
Quoted equity securities	**38,745**	Level 1	Bid price	Not applicable
Unquoted equity securities*	**735**	Level 3	Fair value provided by the portfolio manager, which are based on valuations performed using multiples-based approach.	DLOM
	39,480			

2021	*Fair value KD*	*Level of hierarchy*	*Valuation technique*	*Significant unobservable inputs*
Financial assets at fair value through other comprehensive income:				
Unquoted equity securities*	84,755	Level 3	Fair value provided by the portfolio manager, which are based on valuations performed using multiples-based approach.	DLOM
	84,755			

*Unquoted equity securities amounting classified as Level 3, are valued based on market multiples such as price to book value multiple and price earnings multiple, using latest financial statements available of the investee entities and adjusted for lack of marketability discount (DLOM) 40%. The Group has determined that market participants would take into account these discounts when pricing the investments.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	Non-listed equity investments		
2022	*Financial assets at FVOCI KD*	*Financial assets at FVTPL KD*	*Total KD*
As at 1 January	**9,019**	**75,736**	**84,755**
Disposal during the year	**(4,408)**	**(41,964)**	**(46,372)**
Realised loss on disposal	**(3,547)**	**-**	**(3,547)**
Remeasurement recognised in OCI	**(329)**	**-**	**(329)**
Remeasurement recognised in profit or loss	**-**	**(33,772)**	**(33,772)**
As at 31 December	735	-	735

23 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

b) Financial assets (continued)

	Non-listed equity investments		
2021	*Financial assets at FVOCI KD*	*Financial assets at FVTPL KD*	*Total KD*
As at 1 January	8,075	56,171	64,246
Remeasurement recognised in OCI	944	-	944
Remeasurement recognised in profit or loss	-	19,565	19,565
As at 31 December	9,019	75,736	84,755

Description of significant unobservable inputs to valuation and sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy include discount for lack of marketability (DLOM) that the Group has determined that market participants would take into account when pricing the investments. The Group has also performed a sensitivity analysis by varying these inputs by 5%. Based on such analysis, no significant changes in fair values were noted.

24 CAPITAL MANAGEMENT

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern, and
- to provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented in the consolidated statement of financial position.

The Group is not subject to externally imposed capital requirements.

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

25 COMPARATIVE INFORMATION

For the year ended 31 December 2021, the Group has regrouped / reclassified the below financial statement items to conform to current year's presentation to ensure consistency in presenting items that are of similar nature. The below reclassifications had no impact on the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity as previously reported.

Certain prior year amounts have been reclassified to conform to current year's presentation. The effect of this reclassification is summarized as follows:

	As previously reported KD	*Effect of reclassification KD*	*After reclassification KD*
Management fees (revenue)	**437,374**	**30,014**	**467,388**
Administrative expenses	**(1,036,818)**	**(30,014)**	**(1,066,832)**