ANNUAL REPORT

For The Year Ended 31 December,

2022

A company that supports and invests in women empowerment

الصفاة

AL SAFAT

شركة الصفاة للإستثمار ش.م.ك

AL SAFAT INVESTMENT COMPANY K.S.C

www.alsafatinvest.com

بسم الله الرحمن الرحيم

H.H.Sheikh
Nawwaf Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

H.H.Sheikh

Meshal Al-Ahmad Al-Jaber Al-Sabah

Crown Prince of the State of Kuwait

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Al-Safat Investment Company Profile

Al-Safat Investment Co. was founded on September 15, 1983 as a Kuwaiti shareholding company, working in accordance with provisions and requirements of the Islamic Shari'a, with a total capital of 28,327,569 Kuwaiti Dinars. The company was founded to be one of the leading companies in the field of wealth management and investment with a strategy that depends on diversification of income sources through acquiring the best investment opportunities available in various fields.

The company is working under the control and supervision of Kuwaiti regulating entities such as the Kuwait Capital Market Authority, Central Bank of Kuwait and Kuwait Ministry of Commerce and Industry. The company is taking into account the commands, laws and instructions that are issued from these authorities by being compliant to all regulations.

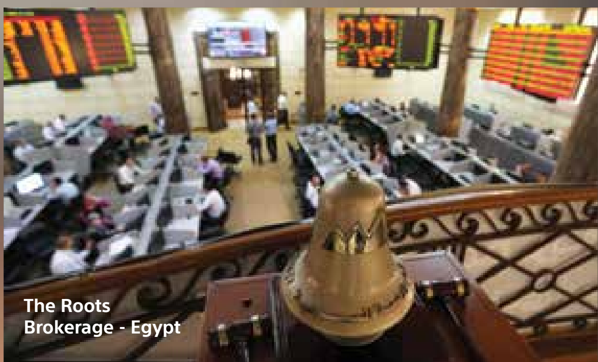
The main goal of Al-Safat Investment Comapny is to obtain successful and fruitful investments utilizing its expertise & professional vision towards selecting active investment opportunities and products which satisfy a wide segment of investors.

Summary of Main Company Activities:

1. Production of different kind of chemical products in addition to marketing goods both locally and abroad.
2. Investing in real estate, industrial, agricultural and other economic sectors by contributing to the establishment of specialized companies, purchasing shares or bonds of these companies in various sectors.
3. Contribute to the establishment or partial ownership of companies in various sectors.
4. Investment Portfolio Manager.
5. Investment advisor.
6. Brokerage in lending and borrowing operations.
7. Subscription agent.
8. Finance and brokerage in international trade operations.
9. Providing loans to others, taking into account the principles of safety in granting loans and preserving the integrity of the financial position on the company in accordance with the conditions, rules and limits set by the Central Bank of Kuwait.
10. Carrying out all the services that help develop and strengthen the capacity of the financial and monetary market in Kuwait. Following the law and the procedures and instructions issued by the Central Bank of Kuwait.
11. Securities trading including buying and selling stocks, and international and local bonds issued by companies and government agencies.
12. Manager of collective investment scheme.
13. Investment Controller

Al-Assriya Printing Press Publishing & Distribution Co.

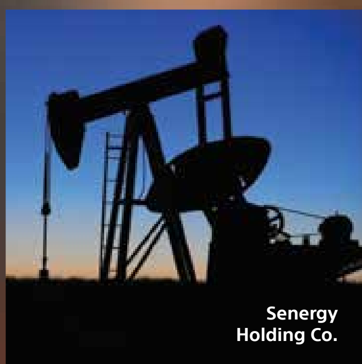
Al Safat for Consultancy K.S.C. (Closed)



The Roots Brokerage - Egypt

Middle East Chemical Manufacturing Co.

Dar Al-Safat General Trading Co.



Senergy Holding Co.

Key Subsidiaries of Al-Safat Investment Company:

Name of the Subsidiary	Ownership Percentage 2022
Al Safat Holding Company (Closed) KSCC *	% 99
Al Safat Consultant Company K.S.C. (Closed)	% 96
Dar Al-Safat for General Trading Company W.L.L*	% 99
The Roots Brokerage - Egypt	% 60
Al-Assriya Printing Press Publishing & Distributing Co. W.L.L	% 90
Al-Ezdehar Real Estate Tourism Company K.S.C. (Closed)	% 71.92
Safat Industries Holding Company K.S.C. (Closed) ('Safat Industries')	% 63.79
Middle East for Chemical Manufacturing W.L.L. ('MECC')	% 50

Associates of Al-Safat Investment Company:

Name of the Associate	Ownership Percentage 2022
Asia Holding Company K.S.C.C	% 21.7
Senergy Holding Company K.S.C.P.	% 20.88

Key Investments of Al-Safat Investment Company:

Name of the Company
Al Shuaiba Industrial Company K.P.S.C.

* The Group's effective interest in the above subsidiaries is 100%. The Group directly holds the shares in the subsidiaries as mentioned above, and the remaining shares are held indirectly in the name of nominees on behalf of the Parent Company. The nominees have confirmed in writing that the Parent Company is the beneficial owner of the shares in the subsidiary. Accordingly, there are no non-controlling interests reported in the consolidated statement of financial position, related to the subsidiaries, as at 31 December 2022.

Board of Directors

Abdullah Hamad AlTerkait
Chairman

Abdul Muhsen Suliman Al Meshan
Board Member

Naser Bader Al Sharhan
Board Member

Mishaal Ahmed Al Jareki
Board Member

Fahad Abdul Rahman Al Mukhaizim
Vice Chairman

Dr. Anwar Ali Al Naqi
Board Member

Abdul Razzaq Zaid Al Dhubayan
Board Member

Board of Directors' Report for the year 2022

In the Name of Allah Most Gracious Most Merciful

Honorable shareholders,

Allah's Peace, Mercy and Blessings be upon you.

It gives me pleasure to welcome you on this auspicious annual occasion, to meet you again in order to keep abreast of the major economic developments and the company's performance this year. It is with honour that I submit to you Al Safat Investment Company's annual report which includes the independent auditor's report, the consolidated income statement and the consolidated statement of financial position for the financial year ending 31 December 2022.

On behalf of members of the Board of Directors I extend my thanks to the shareholders and the staff for their continuous work with full resilience within a business environment fraught with developments and transformations, and for the efforts they exerted to achieve the company's long-term goals in line with its strategies and to seek a better future for the company based on solid foundations.

2022 Overview

The year 2022 was characterized with global macroeconomic uncertainty leading to a challenging investment decision making environment. Inflation was the main headline of this year's global economic challenges, which are at multi decade highs leading the global economic authorities to take remedial decisions to tame inflation. Consequently, the Central Bank of Kuwait increased its discount rate from 1.5% in December 2021 to 3.5% in December 2022, directly impacting the country's risk premium pressuring asset valuations. The macroeconomic challenges were also heightened by the war in Ukraine and the residual effects of the pandemic. Nevertheless, the local economy benefited from the rise in oil prices which contributed to the recovery of Kuwait's budgetary deficits. Also, ongoing structural reforms taken by the local economic authorities supported the stability of Kuwait's economy compared to the global economy.

Financial Statements 2022

Throughout the year, Al Safat Investment Co. has reported an overall consolidated operating and investment income amounting to KD 2.8 million compared to KD 4.5 million last year witnessing a 38% Y-o-Y decrease. This was mainly due to the decrease in the fair value of our investment properties from KD 19.6 million in 2021 to KD 17.4 million in 2022, resulting in KD 1.3 million unrealised losses. We remain confident that these asset price decreases are short-term and will readjust in line with long term trends in the near future. Despite that, the operating income amounted to KD 3.4 million compared to KD 3.2 million last year representing 6% Y-o-Y increase, owing to Al-Assriya Printing, Press Publishing and Distribution Co.'s revenue recovery to its pre-pandemic levels after being impacted in the last two years.

The company also bore foreign exchange rate losses resulting from Egyptian Pound and Lebanese Lira currency devaluation, amounting to KD 1 million compared to last year's losses of KD 22,000. As a result of the aforementioned points, Al Safat Investment Co. has reported an Earnings per share of 0.66 fils compared to 5.08 fils last year.

It is worth noting that Al Safat Investment Co. succeeded in exiting 75% of its residential property portfolio in Lebanon belonging to Al-Ezdehar Real Estate Tourism Company, a subsidiary, amidst Lebanon's economic obstacles.

Total Assets Under Management (AUM) decreased from KD 66.6 million in 2021 to KD 49.9 million in 2022, representing a 25% decrease from last year. This was due to exit transactions worth KD 25 million through

Abdullah Hamad AlTerkait - Chairman

our Clients Portfolio. During the year, Assets Management achieved a 10% profit for Clients Portfolio.

Al-Ahmadi Project

The real estate sector is one of the economic pillars of Al Safat investments because it is one of the profitable fixed assets with limited risks. Therefore, and through our subsidiary Nakhlat Al-Safat Real Estate Co., Al Safat Co. managed to develop the East Ahmadi complex, with its multi-purpose stores, shops and offices, focusing on handicraft and manufacturing of medium and small enterprises, covering a rental area of 335.12 sq. m. The company has leased approximately 48% of the rentable areas of this distinguished complex which provides technological services and data protection at world standards.

Social Responsibility

As you are aware, we don't shun giving and showing gratitude to the state which hosts us and the surrounding society. The Company societal responsibility is an integral part of its message, and it is reflected in the activities and events we organize all the year round.

Awareness and the Youths: Al Safat was one of the sponsors of the Fursan Al Sena'a, aka; the Knights of Industry program organized by the Kuwait Industries Union in cooperation with Loyac. We hosted over 50 Intermediate and Secondary school students in two stages for a full day to introduce them to the nature of investment and its importance in developing and raising of the State economy and improving the individual's income.

Health: we attach great importance to this aspect and strive continuously to spread culture and health awareness, in particular protective health which we see as an effective and successful means to not just treat diseases but to pre-empt them. In October we launched in Al Safat Tower a breast cancer awareness campaign. We also hosted a health corner in cooperation with AlSalam International Hospital to disseminate protective health culture among staff and visitors of Al Safat Tower in November, a month globally dedicated to raising awareness of men's health.

Charity Work: We launched a campaign with participation from Company staff and all workers in the Tower to collect the largest quantity of clean second-hand clothes to be donated to the needy in Kuwait and around the world in cooperation with the Humanitarian Excellence Society.

Company outlook:

Al Safat Investment Co. is at a new phase in its journey based on a clear vision of its future investment strategy goals. The company is looking forward to devising its market positioning and expansion plan through opportunistic local and regional strategies. It is the Board of Directors and the Executive Management's top priority to focus on value creation for its shareholders'.

The Merger: the company has announced that it is in the process of a merger with Cap Corp Investment company which would result in a higher operational efficiency in terms of revenue, costs and financial stability, therefore creating a financial entity more capable of rising and future development which would have a positive impact on the Company value and its position in the local market.

Market Maker: Al Safat Investment Co. seeks to increase the Company business and add the Market Maker license to its activities which would have a positive impact on the local market. The Board of Directors has approved the carrying out of the necessary studies and the completion of requirements to enable the Company to obtain a Market Maker license. The Executive Management sought to meet the requirements of the Capital Markets Authority and obtain the initial approval to begin implementing the requirements for practising the Market Maker activity.

Incubator of Small and Medium Enterprises: We are at progress stages of transforming the Hexoffice project from a headquarters of the joint offices of our Company into an incubator that contributes to the development, nursing and advancing of small and medium enterprises in Kuwait by obtaining the official approval of the National Fund for Small and Medium Enterprise Development so that Hexoffice becomes a strategic partner of the Fund and the State through helping entrepreneurs develop the idea into a thought-out project, create a modern technological and innovative environment and introduce them to the latest in technological innovations with a view to cutting down time and facilitating the process of nurturing and implementation. We also aim through the incubator to provide the incubated with administrative, marketing, media and logistical services, as well as following up their enterprises through periodic evaluation of the entrepreneurs enrolled in the incubator and pin-pointing the causes of success or failure.

The idea of transforming Hicks Office into an incubator sprang from the belief of governments, including that of Kuwait, in the expediency of enhancing and supporting small and medium enterprises because they are a major player in diversifying sources of domestic income and providing a host of employments to all levels of education, skills and expertise. Business incubators are support institutions concerned with supporting, assisting and nurturing entrepreneurs and innovators of small enterprises that are capable of creating a renewable labor market by absorbing increasing numbers of workers and creating various employment opportunities, therefore dealing with the social issues resulting from unemployment.

Conclusion:

After this detailed exposition I must stress that the company intends to go ahead with its sustainable vision towards a prudent strategic plan of seizing and developing investment opportunities through the targeting of certain local and regional expansions that would enable us to realize robust profits and financial results and seeking new horizons that would enhance the presence of the Company and its strength.

Finally, I must thank our shareholders for their precious trust and extend my full appreciation and gratitude to the Al Safat Investment Co. staff who were the first and most vital investment of the Company over many years of friendship and sophisticated professional partnership.

My thanks are also extended to the various regulatory authorities in Kuwait (Capital Markets Authority, Ministry of Commerce and Industry and the Central Bank of Kuwait, Boursa Kuwait) for their continuous cooperation and their efforts and dedication to developing and improving the Kuwaiti financial markets sector.

Abdullah Hamad Al-Terkait
Chairman - Al Safat Investment Company

Corporate Governance Report of Al Safat Investment Co. for the Year Ended 31 December 2022

Overview of Governance Principles

Al Safat Investment Co. strongly believes that an efficient corporate governance framework is a crucial factor to achieve business success. A robust corporate governance framework helps in building trust in the Company and it enables the enactment of comprehensive and sustainable changes that align with its values. Therefore, The company and its Executive Management's primary objective is to establish a practical governance framework that considers the interests of all stakeholders, investors, and related requirements as defined by the regulatory authorities, while complying with the environmental, social, health, and economic goals. In addition, Al Safat Investment Co. strongly relies on its effective risk management capabilities to achieve governance goals, and seize new opportunities and complying with the requirements of the regulatory authorities in Kuwait.

Al Safat Investment Co. believes that its sustained success is contingent on sound and effective governance as well as visionary leadership that enhances the governance principles.

Rule One

Building a Balanced Structure of the Board of Directors

The diversification in the structure of the Board of Directors is the key success factor in today's rapidly evolving business environment. Therefore, Al Safat Investment Co. Board of Directors is comprised of experienced and skilled individuals, resulting in a balanced and positive Board of Directors structure, enabling them to effectively fulfill their roles and responsibilities while taking in consideration the evolving business environment. Al Safat Investment Co. Board of Directors plays a crucial role in balancing the achievement of the company's strategic goals with those of its shareholders. The Board of Directors is committed to adhering to strong governance standards by diligently ensuring the implementation of the best practices, policies, procedures, and mechanisms that define the roles and responsibilities of the Board of Directors and the Executive Management whilst placing the interest of its shareholders, stakeholders, clients, administration, employees , and society at the forefrontAl Safat Investment Co. Board of Directors is comprised of seven members elected during the company's Annual General Assembly every three years. The Board of Directors structure is formulated to align with the company's size and activities. All members are non-executive with three independent members, bringing with them a wealth of diverse expertise and specialized skills which enable the Board of Directors to make sound and effective decisions. Members of Board of Directors have the required academic qualifications, experiences, and skills that are tailored to meet the company's operational needs, as outlined in the following table:

Director	Capacity	Qualifications and experience	Date of election/ appointing secretary
Abdullah Hamad Al-Terkait	Chairman/ Non-Executive	- MBA Degree from the UK - Bachelor's degree in Public Administration and Political Science. - 17 year-experience	30 March 2022
Fahad Abdul Rahman Al Mukhaizim	Vice Chairman/ Non-Executive	- Master of Business Administration. - Bachelor's degree in finance. - 27 year- experience.	30 March 2022
Abdul Muhsen Sulaiman Al Meshan	Member/ Non-Executive	- Bachelor's degree in International Finance and Marketing. - 43 year-experience.	30 March 2022
Nasser Bader Al Sharhan	Member/ Non-Executive	-Bachelor's degree in political science and Marketing. - 25 year-experience	30 March 2022
Mishal Ahmad Al Jareki	Member/ Independent	- Master of Business Administration with a specialization in General and Strategic Management. - Bachelor's degree in Accounting. - 17.5 year- experience.	30 March 2022
Dr. Anwar Ali Al Naqi	Member/ Independent	- Ph.D., Masters, and Bachelor's degree in Civil Engineering. - Bachelor's degree in Architecture. - 45 year- experience.	30 March 2022
Abdul Razzaq Zaid Al Dhubayan	Member/ Non-Executive	- Bachelor's degree in Civil Engineering. - 18.5 year-experience	30 March 2022
Khawla Mohammad Awad Kandeel	Secretary of the Board	- Technical Certificate in Business Administration. 25 year experience	23 February 2014

Members of the Board of Directors dedicate sufficient time to review all tasks & responsibilities assigned to them; whereby the Board of Directors conduct meetings at the invitation of the Chairman.

The Board of Directors held (11) meetings in 2022, as shown in the following table:

Summary of the Board's Meetings:

Member Name	Abdullah Hamad Al Terkait	Fahed Abdulrahman Al Mukhaizim	Abdulmohsen Sulaiman Al Meshan	Nasser Bader Al Sharhan	Mishal Ahmad Al Jareki	Dr. Anwar Ali Al Naqi	Abdulrazzak Zaid Al Dhubayan
No. (1) 22/02/2022	√	√	√	√	√	√	√
No. (2) 31/03/2022	√	√	√	√	√	√	√
No. (3) 27/04/2022	√	√	√	√	√	√	√
No. (4) 12/05/2022	√	√	√	√	√	√	√
No.(5) 01/06/2022	√	√	√	√	√	√	√
No. (6) 08/08/2022	√	√	√	√	√	√	√
No. (7) 20/09/2022	√	√	√	√	√	√	√
No. (8) 10/10/2022	√	√	√	√	√	√	√
No. (9) 09/11/2022	√	√	√	√	√	√	√
No. (10) 29/11/2022	√	√	√	√	√	√	√
No. (11) 27/12/2022	√	√	√	√	√	√	√

Three resolutions were signed in 2022 by passing.

The manner of applying the requirements of registration, coordination, and keeping minutes of Board meetings

The Board Secretary manages and coordinates various Board activities in accordance with governance rules. The Board Secretary is appointed or dismissed by a decision of the Board. Under supervision by Chairman of the Board, the Secretary ensures compliance in procedures approved by the Board in relation to exchange of information between Board members, associated Committees, and the Executive Management, as well as setting Board meeting schedules, sending invitations at least 3 working days prior to the meetings, excluding emergency meetings. Moreover, the Secretary is tasked with transcribing the minutes of Board meetings as well as attendance of members, and ensuring that information is delivered and distributed properly, and coordinating between Board members and stakeholders including shareholders, various company departments, and concerned employees.

Attached is the declaration of the independent member that he/she possesses the independence provisions as per Articles (2-3) of Volume Fifteen (Company Governance).

Rule Two

Defining roles and responsibilities

An overview on the company's methodology on setting the policy, roles, and responsibilities of each member of the Board of Directors, the Executive Management, as well as the authorities and terms of reference delegated to the Executive Management:

Al Safat Investment Co. Board of Directors is responsible for overseeing the company's overall performance and shaping the company's strategic direction by setting its goals, approving the overall strategy of the company, and monitoring it periodically. Additionally, The Board of Directors, sets the organizational and administrative structure, and control systems of the company. The Board of Directors monitors the performance of the Executive Management and its implementation of the approved strategy. It also detects any conflict of interest that may arise and prevents any potential misuse of influence by related parties. The Board of Directors approves consolidated financial statements which reflect the true financial position of the company in accordance with the IFRS, as well as the responsibility for defining the internal control framework as deemed necessary in order to prepare the consolidated financial statements.

Al Safat Investment Co. has defined in detail the tasks, responsibilities, and duties of the Board of Directors and the Executive Management, as well as the authorities and terms of reference delegated to the Executive Management in accordance woth the policies and procedures approved by the Board of Directors

Following are the main roles and responsibilities of the Board:

1. Approval of the company goals, strategies, plans, and policies of the company.
2. Approval of the annual interim budgets, the quarterly, and the annual financial statements.
3. Supervising the company's main capital spending and its ownership of assets and investments.
4. Ensuring the company departments compliance to policies and procedures that guarantee the Company's compliance to the applicable internal regulations.
5. Ensuring the accuracy and correctness of the data required for disclosure in accordance with the applicable policies and regulations of disclosure and transparency.
6. Establishing effective communication channels to provide shareholders with access to periodic and continuous information about the activities of the company and any relevant major developments.
7. Structuring the corporate governance system, supervising it, following up, and rectifying it if necessary.
8. Monitoring the performance of the Board, committees, and Executive Management by measuring their performance through main key performance indicators.
9. Preparing the annual report to be presented to the Annual General Assembly and formation of specialized committees in accordance with regulatory authorities' requirements and defining responsibilities, rights, and obligations.
10. Defining the powers of the Executive Management and the decision-making process.
11. Following up the performance of the Executive Management members and ensuring their completion of all tasks assigned to them.

12. Defining the policy of regulating the relationship with stakeholders in order to protect their interest.
13. Preparing a mechanism for regulating the transactions with the related parties in order to avoid conflict of interest.
14. Ensuring the solidity of the financial and accountancy systems and approval of the key risk indicators and their measurements, and being prepared to take on the arising risks within the Company.

Main tasks and responsibilities of the Executive Management:

1. Working towards carrying out all the company policies and internal regulations as approved by the Board of Directors.
2. Preparing periodic reports on the progress of the company's activities in light of its strategic plans and goals, and submitting these reports to the Board of Directors.
3. Establishing an integrated accounting system for keeping books, records, and accounts that reflects in accurate detail the financial statements and income accounts in order to maintain the company assets and prepare financial lists in accordance with the international accounting standards approved by the Capital Markets Authority.
4. Optimizing the management of the company daily operations, activities, and the company's revenues, as well as seeking to increase profits and reduce expenditure on the basis of the company goals and strategy.
5. Participating actively in establishing culture of ethics in the company.
6. Setting systems of internal oversight and risk management, ensuring their efficiency, comprehensiveness, adequacy, and compliance to risk avoidance as approved by Board of Directors.

Achievements of the Board of Directors in 2022:

In line with the Boards` responsibilities in achieving the best financial and operational results and the completion of the company's strategic plan in the best manner, the Board made in 2022 several achievements, such as:

1. Approval of the audited and consolidated annual financial statements for the year ended 2021.
2. Approval of the Company policies and procedures based on the amendments issued by the Capital Markets Authority, including the following:

- Anti - money laundering and terrorism financing policies and procedures.
- Sharia supervision policies and procedures.
- Directory of conflict of interest policies and procedures.
- Directory of supervision and internal control programs systems.
- Data leaks prevention policies and procedures.
- Policies and procedure of the Marketing and Public Relations Department.
- Policies and procedures of asset management.
- Policies and procedures of risk management.

- Policies and procedures of collective investment system.
- Policies and procedures of conformity and compliance.
- Policies and procedures of the Human Resources Department.
- Policies and procedures of organizing transactions with related parties.
- Policies and procedures of protecting whistle-blowers about illegal practices.
- Policies and procedures of protecting shareholders equity.
- Policies and procedures of the emergency plan and continuity of business.
- Policies and procedures of client complaints.
- Policies and procedures of Market Maker activity.
- Policies and procedures of investment advisor activity.
- Policies and procedures of the custodian activity.
- Policies and procedures of subscription agent.
- Charter of audit committee.
- Charter of professional and ethical values.

3. Approval of the recommendation of the remunerations and nominations committee.
4. Approval of the formation of the Board of Directors and its committees.
5. Reappointing the company external accounts supervisor Mr. Bader Adel Abduljader from Al-Aiban and Al-Osaimi office (Ernst & Young).
6. Reappointing the external Sharia auditor (Osol for Sharia Consulting).
7. Approval of the distribution of 5% bonus shares to shareholders.
8. Approval of the agenda of the ordinary General Assembly for 2021.
9. Approval of the agenda of the Extraordinary General Assembly.
10. Approval of the anti-money laundering and anti-terrorism report prepared by the Compliance and compliance Department for 2021.
11. Approval of the merger (by amalgamation) proposal between Al Safat Investment Co. and Capcorp investment Co. with Al Safat Investment Co. being the merging company and Capcorp Investment Co. being the merged company.
12. Approval of the asset evaluator report and the investment advisor report related to the merger.
13. Approval of adding the activity of Market Maker to the company activities.
14. Approval of the semi-annual risk report for the periods 01/07/2021-31/12/2021, and 01/01/2022-30/06/2022.
15. Approved the draft condensed consolidated interim financial statements (unaudited) for the Q1, Q2 and Q3 of 2022.
16. Assessment of Board members performance for 2022 and reviewing the assessment of members of committees emanating from the Board (Audit Committee, Risks Committee, Remunerations and Nominations Committee) in addition to assessing the CEO performance in 2022.
17. Provision of a training course entitled ‘Combating Money Laundering and Terrorism Financing’.

A brief on implementation of requirements for the Board formation of specialized independent committees, taking into account the mention of the following information about each committee:

The Board of Directors has formed sub-committees and approved their structure which define their roles and responsibilities in order to supervise the company's operations. Members of the committees have the required technical and professional experience and skills to carry out their roles to its best.

1. Audit Committee

Formation of the committee: 27 April 2022

Term of the committee: dependent on the term and mandate of the current Board of Directors.

Members of the committee:

Mr. Fahad Abdul Rahman Al Mukhaizim- Chairman

Mr. Naser Bader Al Sharhan- Vice Chairman

Mr. Mishal Ahmad Al-Jareki - Member

The number of meetings held during 2022: (9) meetings.

Responsibilities and achievements of the committee in 2022

- Reviewed the drafted annual audited and consolidated annual financial statements for the fiscal year 2021 and submitted a recommendation to the Board of Directors for approval and for taking the necessary measures to request holding an ordinary General Assembly meeting.
- Approved the proposal to reappoint the external auditor Mr. Bader Adel Abduljader, Al Aiban and Al-Osaimi (Ernst & Young).
- Submitted a recommendation to reappoint an external Sharia auditor (Osol for Sharia Consulting).
- Approved the internal audit plan for 2022
- Reviewed the internal Sharia audit reports for the fourth quarter of 2021, and the first, second, and third quarters of 2022 to ensure that the Sharia Audit Unit reviewed the compliance of the company's activities and operations with Sharia provisions.
- Evaluation of the performance of the Head of the Internal Audit Department of the company in addition to the consulting the Board of Directors that the company has contracted with (Ernst & Young, Al Aiban, Al Osaimi & Partners).
- Reviewed the draft condensed consolidated interim financial statements (unaudited) for Q1, Q2, and Q3 of 2022 and submitted a recommendation to the Board of Directors for approval.
- Reviewed the assessment report of the company's internal control systems for the year 2021 and mandated the Head of Internal Audit to follow up and address the observations in the report with the relevant departments.
- Reviewed the money laundering report issued by the Capital Markets Authority on 22/09/2022 and making recommendations to address the observations.

- Reviewed the field inspection of the company report issued by the Capital Markets Authority on 08/11/2022 and making recommendations to address the observations.
- Taking the appropriate decisions to address the observations of the Capital Markets Authority inspection team and preparing a plan to address the observations as fast as possible.
- Reviewed the internal audit reports that were carried out on all company departments and mandated the Internal Audit Head to follow up and address the observations along with the company's managers.
- Carried out annual appraisal of Committee members for 2022.

2. Risk Committee:

Formation of the committee: 27 April 2022

Term of the committee: dependent on the term and mandate of the current Board of Directors

Members of the committee:

Mr. Nasser Bader Al Sharhan - Chairman

Mr. Abdulrazzaq Zaid Al Dhubayan – Vice Chairman

Mr. Mishal Ahmad Al Jareki – Member

The number of meetings held during 2022: (7) meetings.

Responsibilities and achievements of the committee in 2022:

- Approved the semi-annual risk report submitted to the Capital Markets Authority (CMA) for the period July 2021 - December 2021 and recommended that the report be presented to the Board of Directors and mandated the Risk Management Representative to follow up and address the observations in coordination with the relevant departments of the company and the top management.
- Approved the semi-annual risk report submitted to the Capital Markets Authority (CMA) for the period January 2022 - June 2022 and recommended that the reports shall be presented to the Board of Directors and mandated the Risk Management Representative to follow up and address the observations.
- Approval of the risk study relation to the merger by amalgamation project between Al Safat Investment Co. (the merging company) and Capcorp Investment Co. (the merged company).
- Submitting a recommendation to the Board of Directors to approve the merger project after receiving the asset evaluator report and the investment advisor report.
- Ensuring the risk management independence and neutrality of the management reports in order to avoid any risks the company might encounter.
- Reviewed the risk reports relating to transactions with related parties.
- Filled out the appraisal forms of the committee and its members during 2021 and submitted the results to the Board of Directors for approval.

3. Remunerations and Nominations Committee:

Formation of the committee: 27 April 2022

Term of the committee: dependent on the term and mandate of the current Board of Directors

Members of the committee:

Mr. Abdullah Hamad Al-Terkait- Chairman

Mr. Dr. Anwar Ali Al Naqi - Vice Chairman

Mr. Abdulmohsen Sluaiman Al Meshan – Member

The number of meetings held during 2022: (3) meetings.

Responsibilities and achievements of the committee during 2022

- Discussed the annual allowances of the committees emanating from the Board of Directors and approved the allowances of members of the committees.
- Approved the recommendation to the Board of Directors to pay the CEO's remuneration for the year 2021 according to the annual appraisal set by the Board of Directors.
- Reviewed applications for Board of Directors membership and recommended accepting their candidacy.
- Approved paying bonuses to the company's employees for the year 2021 according to the annual appraisal scheme set by the Directors of Departments and the recommendation to the Board of Directors for approval.
- Prepared and sent the annual appraisal forms for the year 2022 to the Board of Directors and its committees, in addition to submitting the appraisal form of the CEO for 2022 to the Board of Directors.
- Ensured the independence validity of the independent Board of Directors members.
- Annual appraisal of the members of the Nominations and Remunerations Committee for 2022 and submitting it to the Board of Directors for approval.

4. Provisions Committee:

Formation of the committee: 27 April 2022

Term of the committee: dependent on the decision of the current Board of Directors

Members of the committee:

Mr. Abdul Razzaq Zaid Al Dhubayan -Chairman

Mr. Rabie Kakaati - Member and Rapporteur of committee

Mr. Herarld Leo Fernandes -Member

The number of meetings held during 2022: (3) meetings.

Responsibilities and achievements of the committee in 2021:

- Approved new provisions
- Affirmed additional provisions

A brief on how to implement the requirements that allow Board members to obtain information and data accurately and in a timely manner:

The company has an effective mechanism that allows members of Board of Directors in general and non-executive, and independent Board members in particular, to obtain all the basic data and information that enable them to carry out and implement their duties through coordination with the Secretary of the Board of Directors in accordance with relevant laws and legislations. Members are provided with the agenda and all related documents three working days prior to the date of the meeting to allow them appropriate time to study the topics and make the suitable decisions, with the exception of the Board of Directors meetings nos. (2) and (7) for 2022 when the Board members were provided with the agenda and the related documents two working days prior to the meeting instead of three days.

Rule Three

Selecting qualified persons for Board membership and Executive Management

A brief on implementation of requirements for formation of nominations and remunerations committee:

The nominations and remunerations committee assists the Board of Directors in performing supervisory responsibilities, including: effectiveness, integrity and compliance to the Company's nomination and remuneration policies and procedures, reviewing and approving selection criteria, appointment procedures for members of the Board of Directors and top management, and ensuring that the policy and methodology of nominations and remuneration as a whole is in line with the strategic objectives of the company. Also, the committee shall meet on regular basis, at least once a year, as needed.

The nomination mechanism in place within the company ensures the continuity of selecting and attracting competencies either to run for membership of the Board of Directors or of the Executive Management. The Board of Directors has formed a nomination and remuneration committee in accordance with the governance rules, with the committee having to include an independent member. The committee's work charter approved by the Board includes the following:

- Recommendation to accept the nomination and re-nomination of members of the Board and the Executive Management.
- Setting a clear policy for the remuneration of the members of Board of Directors and the Executive Management.
- Determine the skill requirements appropriate to the membership of Board and review these requirements annually.
- Attract applications for those wishing to occupy executive positions as needed, to study and review these requests.
- Define the different tiers of rewards that will be awarded to employees.
- Prepare job description for the Executive Board members, non-executive members, and independent members.
- Propose the nomination and re-nomination of members for elections by the General Assembly and ensuring that the independence status of independent members is not eliminated.

- Defining the mechanisms of evaluating the performance of the Board and the performance of each member and the Executive Management.
- Define the indicators for measuring the performance of the Board and review these indicators annually.
- Review and suggest training programs and workshops for members of the Board of Directors.
- Reviewing the payroll and job grades periodically.
- Prepare a detailed annual report on all bonuses granted to members of Board of Directors and the Executive Management, whether they are amounts, benefits, or advantages, whatever their nature and name, provided that this report is presented to the company's General Assembly for approval.

The report of remunerations granted to members of Board of Directors and Executive Management:

First: Board of Directors Remuneration Policy

Al-Safat Investment Co. adopts a transparent policy relating to the remuneration of Board members whether for charging their duties or attendance of Board meetings or meetings of its committees. The company complies with the corporate law terms relating to the Board members' remunerations, Capital Markets Authority directives, company policies, and its articles of association.

During 2022 members of the Board of Al-Safat Investment Co. received remuneration and benefits for their attendance and efforts during the six (6) Board of Directors meetings in 2021.

The Board submitted a recommendation to shareholders to remunerate members of the committees. On March 31, 2022 during the meeting of the Ordinary General Assembly, shareholders approved the committees' members' remunerations.

The remunerations granted to members of Board of Directors

<table>
<tr><th colspan="8">Remunerations and benefits of Board members</th></tr>
<tr><td colspan="4">Remunerations and benefits through subsidiaries</td><td colspan="4">Remunerations and benefits through the Mother Company</td></tr>
<tr><th colspan="2">Variable remunerations and benefits (KD)</th><th colspan="2">Fixed remunerations and benefits (KD)</th><th colspan="2">Variable remunerations and benefits (KD)</th><th>Fixed remunerations and benefits (KD)</th><th rowspan="2">Total number of members</th></tr>
<tr><td>Committees' remuneration</td><td>Annual remuneration</td><td>Total monthly salaries</td><td>Health insurance</td><td>Committees' remuneration</td><td>Annual remuneration</td><td>Health insurance</td></tr>
<tr><td>-</td><td>-</td><td>36,000</td><td>1,770</td><td>-</td><td>80,000 KD</td><td>-</td><td>7</td></tr>
</table>

The Board of Directors has suggested to not grant yearly remunerations and benefits for the year 2022 to the Board of Directors, therefore, this recommendation will be presented to obtain approvals during the Annual General Assembly.

Second: Remuneration policy for the Executive Management

Remunerations of the Executive Management

Al-Safat Investment Co. grants remunerations and incentives to its executive management and employees as per the employees' annual appraisals and that follows specific technical and professional criteria. Inquisitives are granted in amounts commensurate with the employee's performance to encourage and elevate the employees performance. The appraisal of the employee's performance involves setting clear Key Performance Indicators (KPIs) and timely measurable goals pertaining to the employee's role and responsibilities. The Human Recourses Department is responsible for overseeing appraisal process and ensure its effective results.

The Company's remunerations principles are based on the following:

1. Attract and retain talented, skilful, and highly knowledgeable professionals.
2. Balancing the employees' remunerations with the Company profitability during the year.
3. Applying incentive schemes that encourages employees to deliver a continuously growing quality performance at all times.

The Remuneration and Nomination Committee in coordination with the Executive Management in formulated a policy pertaining to Executive Management in order to match their remuneration with market standards to preserve talent and to create value for its shareholders. The Board of Directors' approval shall be obtained based on the Committees' recommendation.

The Remunerations and Nominations Committee lays out the remuneration segments for the Executive Management employees through evaluating the performance of the Company employees in various departments, making use of analytical tools, quantitative and qualitative processes, and comparative studies in the process of deciding remunerations and benefits. In addition, the Company has a system of monitoring and evaluating the performance of the Executive Management and the employees. Moreover, the Company has a fair and transparent system for measuring responsibilities and performance which is used in rewarding the employees for their achievements throughout the year.

The members of the Board of Directors and the Executive Management have not been granted any other remuneration, either directly or indirectly, by Al-Safat Investment Company and its subsidiaries.

During 2022, there were no significant material deviations from the remuneration policy approved by the Board of Directors.

Remunerations and benefits of five senior executive managers with the highest remunerations, plus the Executive president and the financial manager or those acting for them if not included among the latter														
Remunerations and benefits through the subsidiaries							Remunerations and benefits through the mother company							
Variable remunerations and benefits (KD)	Fixed remunerations and benefits (KD)						Variable remunerations and benefits (KD)	Fixed remunerations and benefits (KD)						Total executive post
Annual remunerations	Children education allowance	Transportations allowance	Housing allowance	Annual Air tickets	Health insurance	Total monthly salaries during the year	Annual remunerations	Children education allowance	Transportations allowance	Housing allowance	Annual Air tickets	Health insurance	Monthly Salaries (Total of the year)	
---	---	---	---	---	---	---	58,050	2,000	0	6,000	1,000	8,537	247,646	7

Rule Four

Ensuring the integrity of financial reports

Board of Directors and the Executive Management declarations of the soundness and integrity of the prepared financial reports.

The company's annual report includes written declarations to both the Board of Directors and Executive Management of the soundness and integrity of the prepared financial reports.

A brief on implementation of the requirements for the formation of the Audit Committee:

The primary role of the Audit Committee is to supervise all audit matters and ensure the soundness and integrity of financial reports and internal control systems. The Audit Committee performs the following tasks, for example and not limited to:

- Review all periodic and annual financial statements prior to submitting and recommending them to the Board of Directors.
- Recommend to Board of Directors the appointment or reappointment of external auditors.
- Study and review the notes on the financial statements and request the Executive Management to work to amend them, if necessary.
- Recommend to Board of Directors appointing the director of internal audit, reviewing and approving the internal audit plans.
- Review the results of the internal reports and ensure that all necessary corrective actions are taken.
- Review the results of the inspection of the regulatory authorities on the company and taking the necessary measures to rectify the observations.
- Review matters related to the nomination of the external auditor and recommend that to the Board of Directors.
- Recommend assigning an independent audit office to evaluate and review internal control systems and prepare a report in this regard (Internal Control Report).

During 2022, there was no inconsistency between the recommendations of the Audit Committee and the decisions of the Board of Directors.

Independence & Impartiality of the External Auditor

The appointment of the auditor should be based on the Annual General Assembly approval following Board of Directors recommendation after the Audit Committee ensuring that the auditor is listed in the CMA's auditors register, fulfilling all the required provisions stated in the CMA's resolution concerning the auditors register system.

On 31/03/2022, during the Annual General Assembly, shareholders approved the re-appointment of the company's external auditor, Mr. Bader Adel Abduljader from Al-Aiban and Al-Osaimi office (Ernst & Young) for the year 2022.

The external auditor carries out an independent annual audit and a quarterly review with the aim of confirming that the financial statements are prepared in accordance with IFRS standards as approved by the regulatory authorities in the State of Kuwait.

Rule Five

Establish Appropriate Systems for Risk Management & Internal Control

Requirements for the formation of an independent Risk Management:

The Company has set up risk management regulations and effective measures in order to define, evaluate, device, and manage major risks facing the company. Risk Management is the joint responsibility of the Company's administration and employees. Risk Management Department is in charge of ensuring that employees are aware of the importance of risk management and carrying out their tasks accordingly. The Head of Risk Management measures, monitors, and limits various potential risks facing the Company.

Requirements for the formation of a Risk Management Committee:

The Risk Committee is an independent unit, dedicated to managing risk. Its primary role is to set policies and regulations that align with the company's risk appetite. The committee's term is three years unless Board of Directors decides otherwise. The committee is comprised of three non-executive members including the Chairman of the committee. The Chairman of Board of Directors may not be a member. The Risk Committee performs the roles and responsibilities as stipulated in the corporate governance, which entails holding at least four meetings during with transcribed minutes of meetings.

The Risk Committee identifies, measures, and monitors risks the company is exposed to in collaboration with the Executive Management and the company`s Risk Manager. The committee provides the Board of Directors with recommendations on current and futuristic risk strategy and policy, and supervises the company`s strategy as approved by the Board of Directors. The Risk Committee also reviews the company's Risk Management policies and procedures in accordance with the submitted reports by the Risk Management manager prior to obtaining approvals by the Board. In addition, the committee develops the policies and procedures of managing various types of risks.

It is also responsible for identifying, measuring, monitoring, and supervising the system of risks the company is exposed to and preparing periodical reports. The committee also follows up the results of the assessment reports and monitors the company`s risk exposure.

The Risk Committee is responsible for ensuring that the company's strategy and operations are in line with the Board of Directors approved risk appetite. It supervises the preparation of risk policies, procedures, and methodologies in a manner that is consistent with the risk appetite and supervises the development and implementation of effective risk management structure and systems. Additionally, the Risk Committee ensures the provision of an adequate level of risk control and regulations pertaining to the company's operations.

Internal Control System:

The company is keen on establishing an internal control system to cover all the company's activities in order to maintain the company's overall financial soundness, accuracy of its data, and its operations efficiency. The principles of internal control of the dual control process in the organizational structure of the company have been taken into account through:

- Establishing appropriate authorities and responsibilities.
- Segregation of roles with no conflict of interest through the continuous updating of the organizational structure of the company.

- Dual inspection and control (Internal Audit Department and Audit Committee).
- Dual signature (all checks and contracts are signed or certified by more than one person according to the table of powers approved by the Board of Directors.)
- Appointing an external auditor to audit internal control systems and preparing an annual report to be submitted to CMA within a maximum of 90 days from the end date of the financial year.

The company recognizes the significance of adherence to rules and regulations and has established a Compliance Department staffed with highly skilled and knowledgeable professionals. This department serves as a critical internal control and regulatory mechanism within the company, working in collaboration with the Audit Management and Risk Management to ensure thorough inspection procedures and dual control. The Board of Directors takes an active role in ensuring the continuous effectiveness of these management units.

Requirements of formation of an Independent Internal Audit Department:

The Internal Audit Department is responsible for establishing audit policies and procedures to support the company's governance system. This includes conducting ongoing assessments of the Executive Management's performance in implementing internal audit systems, methods, and procedures. This evaluation helps identify areas for improvement and provides recommendations to enhance the effectiveness and efficiency of the internal system. The Audit Committee oversees the Internal Audit Department and assigns it tasks and responsibilities on behalf of the Board of Directors. As a result, the Internal Audit Department enjoys full technical autonomy and reports directly to the Board Audit Committee.

One of the most important responsibilities of the Internal Audit department at Al-Safat Investment Company is to provide the Board of Directors and Executive Management with an independent and objective opinion on the availability of regulatory controls, and adequate and appropriate guarantees to support the company's activities, improve the effectiveness of controls, risk management, and governance processes.

The Internal Audit Department's autonomy is essential for the effective execution of their audit duties. As such, the department reports its findings to the Board Audit Committee and obtains their approval for various matters, such as the department's organizational structure, audit charter and policy, risk assessment methodology, audit plans, and assessments of achievements and job performance.The committee meets independently with the Director of Internal Auditing on a quarterly basis. However, in 2022, the meeting with the Internal Audit Officer was held three times only on account of his tendering his resignation on 31/05/2022 with no replacement appointed until the end of the year.

Rule Six

Promoting Professional Behavior and Ethical Values:

Standards and determinants of Code of Ethics and Business Conduct:

The Code of Ethics and Business Conduct serves as a set of guidelines that outline the expected standards of behavior for all employees of the company. These guidelines are applicable in all workplace transactions, and employees are required to adhere to them at all times.If any concerns or doubts about non-compliance with the code of ethics arise, the company seeks to motivate and create a culture of immediate reporting to the competent unit through several channels, including direct manager, human resources, legal affairs, and compliance manager. Moreover, the company ensures that no individual who reports concerns or doubts regarding legal or statutory violations faces any accountability measures or legal consequences.

Policies and Mechanisms for Limiting Conflicts of Interest:

The company has implemented procedures and mechanisms to mitigate conflicts of interest and the use of insider information. Members of the Board of Directors are committed to safeguarding shareholders' interests and avoiding any conflicts of interest that may arise from their personal interests, while fulfilling their assigned duties. These mechanisms are also part of the company's commitment to integrity in dealing with related parties and to prevent the misuse of company assets and resources for personal gain. These policies cover a range of areas, including the handling of related party transactions, confidentiality and information security, and reporting of any illegal practices.

Rule Seven:

Timely and Accurate Disclosure and Transparency

Accurate and transparent presentation and disclosure mechanisms that define the aspects, areas, and characteristics of disclosure:

Al Safat Investment Co. is committed to providing transparent and timely disclosure of all transactions and assets related to both the company and its clients' investment portfolios.. It also discloses all the quarterly and annual financial statements upon their completion and without delay, in order to provide shareholders with confidence and transparency in the company's operations. The company is keen that all its disclosures are consistent with the standards imposed by CMA in this regard.

Requirements of Disclosure Record for Board Members and Executive Management:

- The Board of Directors has implemented transparent and accurate mechanisms for presentation and disclosure, in line with corporate governance rules.Board of Directors implements transparent and timely presentation and disclosure mechanisms in accordance with corporate governance rules.
- A record of disclosures is maintained for Board members and Executive Management.
- An independent Investor Affairs Unit reports directly to the Board of Directors, providing necessary data, information, and reports to potential investors in a timely and accurate manner through appropriate channels of disclosures, including the company's website.
- IT infrastructure is relied upon heavily for disclosures, with a corporate governance section prominently displayed on the company's website.

Requirements for the Formation of Investor Affairs Unit:

On 30 August 2020, the Board appointed Mrs. Sara Al Mukaimi as the Investor Affairs and Social Responsibility Officer. This appointment was made to further the Board's efforts towards compliance with corporate governance rules by establishing the investor relations unit and ensuring its effective implementation.. Al Safat Investment Co. also prepared policies and procedures to regulate the process of dealing with investors and provide the necessary data, information, and reports to shareholders and investors through the appropriate disclosure channels.

Developing the basic structure of Information Technology

Al-Safat Investment Co. is keen to update its website to include all data and information integral to the disclosure of information that is of interest to shareholders and investors, and to add all necessary data in accordance with governance rules. During this year, the company has also updated and developed its website to include the latest data and information that is of concern to prospective shareholders and investors.

Rule Eight

Respecting shareholders rights:

Requirements for defining and protecting the general rights of shareholders:

Al-Safat Investment Co. follows rules and regulations to ensure fairness, equality, and transparency for all shareholders, thus, the Board of Directors formulated a policy for shareholders that would enable them to exercise their rights in a conscious manner. This policy aims to ensure that all information regarding the company is presented fairly, regularly, and in a straightforward manner. This includes information about the company's financial performance, strategic goals and plans, corporate governance, and risk profile..

Establishing private record to be kept with the clearing agency:

The agreement concluded between Al Safat Investment Co. and the Kuwait Clearing Company stipulates that the latter shall keep a record of the shareholders of Al-Safat Investment Company and update it accordingly to the completed transactions. The company also maintains an e-register for the shareholders that include any changes to the completed transactions with any concerned party being entitled to view that record.

Encouraging shareholders to participate and vote in the meetings of the company's assemblies:

Al-Safat Investment Company encourages its shareholders to participate actively in the General Assembly meetings, providing them with invitations, agendas, necessary attachments, meeting times and locations, and information on exercising their voting rights without any obstacles.Some of the shareholder rights include, but are not limited to, the following:

- Right to receive their share of dividend distribution.
- Right to receive their share of Company's assets, in case of liquidation in accordance with the Companies Law.
- Right to receive information and data related to the Company's activities and its strategies on a regular basis.
- Right to participate in the General Assembly meetings of shareholders and vote on decisions in accordance with laws and regulations.
- Right to elect members to the Board of Directors.
- Right to monitor the Company's performance in general, and that of the Board of Directors in particular.
- Right to hold the Board of Directors and the Executive Management of the Company accountable in accordance with the Companies Law.
- Right to record the value of shares owned.
- Right to register and transfer the ownership of shares.
- Right to review the shareholders' register.

Rule Nine:

Identifying Stakeholders' role, regulations, and policies of ensuring protection and recognition of stakeholders' rights

Al Safat Investment Co. has a stakeholders' protection policy that ensures compliance with relevant laws in Kuwait, including labor law, companies' law, and executive bylaws, as well as contracts signed between parties. The policy is designed to protect and respect the rights of all stakeholders. Additionally, the stakeholders' protection policy ensures that no party gains an unfair advantage through the company's normal business deals and contracts, limiting potential conflicts of interest. The policy also outlines the company's obligations towards stakeholders in accordance with applicable laws and contracts signed between both parties, including labor law, companies' law, and executive bylaws.The company also took the initiative of protecting all stakeholders' rights while maintaining stability and career sustainability through its sound financial performance. The stakeholders-like parties in the company have been identified in the policy where guidelines for protecting these rights have been set.

Encouraging stakeholders to take part and follow up the various activities of the company

To prevent conflict of interest between stakeholders and shareholders, Al Safat Investment Co. has established internal policies and bylaws that outline clear mechanisms for tendering contracts and deals. The company also maximizes the benefits of stakeholder contributions while ensuring that their activities align with the best interests of the company. Stakeholders have access to timely and regular business-related information and are encouraged to report any improper practices to the Board of Directors, with appropriate protection provided for the reporting parties.

Rule Ten

Fostering and Improving Performance

Mechanisms for providing members of Board of Directors and Executive Management with ongoing training programs and courses:

The continuous training of members of the Board of Directors and Executive Management are crucial pillars of the governance rules. This significantly improves the performance of the company.. This can be achieved by setting up training programs tailored to the business of the company and its strategy, in addition to the operational and financial part pertaining to all the activities of the company, the company's control, and its legal obligations.

Overall appraisal of the Board of Directors' performance and appraisal of every member of board of directors and Executive Management

Al Safat Investment Co. tailored policies and procedures approved by the Board of Directors to implement a formal process for reviewing the annual performance of the Board of Directors and Board committees, while measuring the efficiency of their performance and their contribution to the company affairs.

The objective of the appraisal process is to create a consistent, regular, and official methodology for assessing and evaluating the performance of the Board of Directors and subcommittees.This process helps in presenting the recommendations of the Board of Directors to the shareholders during the reelection of members.

Assessing the performance of the Executive Management is a critical tool for translating the company's business plans into actionable procedures and cultivating a corporate culture that aligns with the company's strategic objectives.

During Q4 of 2022, the company conducted appraisals of the members of Board of Directors, the Board committees, and the CEO. The appraisal forms were prepared by the Remuneration and Nominations Committee in accordance with the corporate governance and internal policies that the Board of Directors approved.

Board of Directors' efforts in creating corporate ethics for employees

Al Safat Investment Co., represented by the Board of Directors and the Executive Management, is keen on stressing the importance of creating corporate ethics for all employees. This is acheived through the strategic goals of the company while improving the performance ratios and being in compliance with regulatory authorities' laws and the governance rules.

In accordance with this, the company issues a number of periodic reports (annual report, annual corporate governance report, and the audit committee report) that include all the information needed to assess the members of the Board of Directors, Executive Management, shareholders and stakeholders, and their ability to take sound and professional decisions.

Rule Eleven

Corporate Social Responsibility Report:

We, at Al-Safat Investment Co., are always looking at ways to develop a social responsibility concept to better serve the society around us. The idea of giving, reciprocating, contributing to improving the public image, caring for the environment, spreading understanding and awareness are all instruments implemented by our company to accomplish various achievements and activities related to social responsibility.

We believe that social awareness starts from within, therefore, our responsibility is not limited to donations, charitable work, and awareness messages. Our company follows a clear drive towards implementing an ethical work code in dealings between the management, employees, and amongst the employees themselves. We promote the principle that the most vital investment is in the employees and their psychological comfort by recognizing their rights, dignity, and mutual respect.

As for our society, we are keen on giving and returning the favor of the country hosting us and the surrounding society. The company's social responsibility is an integral part of the company's mission, which is reflected in the activities and events organized all the year round.

1. **Education and spreading professional awareness:** Al Safat Investment Co. was a sponsor of the Fursan Al Sena'a, also known as, 'The Knights of Industry' program organized by the Kuwait Industries Union in cooperation with Loyac. The activity included a thoughtful plan to acquaint a group of intermediate and secondary school students with the available vocational opportunities after graduation through seminars, workshops, field visits, and training in different domains such as investment. We invited over 50 students in two stages for a full day to familiarize them with the nature of investment and its importance in developing the make-up of the country's economy and improving the individual's income. In addition, there were discussions of important secondary specializations in business including installation management, direct investment, an introduction to the stock exchange, and business entrepreneurship.

This activity is in line with our belief in the importance of education, learning, and spreading practical awareness amongst the promising youth which could benefit from this knowledge and experiences in their future career life.

2. **Spreading Health Awareness:** For years, and since the Covid-19 pandemic, we have been keen on being proactive in matters of health and social safety. We have also decided to play a role in spreading health awareness messages. We strive on every occasion to spread health culture, the preventative health measures in particular, as an efficient means to avoid disease, and not just treat it. In October we launched a breast cancer awareness campaign at Al Safat Tower and distributed educational pamphlets with important advice and guidelines to women, urging them to undergo early precautionary check-ups

   During the month of November, which is dedicated to raising awareness about prostate cancer in men, Al Safat Investment Co. collaborated with Al Salam International Hospital to organize a medical checkup booth for employees and visitors at Al Safat Tower. The checkup included tests for hypertension, diabetes, fat mass, and weight, and educational pamphlets were distributed about both psychological and physical health, as well as how to prevent prostate cancer.

3. **Donations and Charity Work:** the importance of social responsibility stems from involving the largest number of people in charity work and donations. On that note, we have organized the "Winter Clothing" campaign with the participation of the company employees and workers in the Tower. The campaign was aimed at collecting the largest amount of clean secondhand clothes and donating them to the needy in Kuwait and around the world in cooperation with the Humanitarian Excellence Association.

   The company has also organized its second blood donation campaign in cooperation with IHS Company, and under supervision of the Kuwait Central Blood Bank, to help Ministry of Health in filling the shortage in blood bags. Employees of both companies, some Tower visitors, and all those wishing to donate participated in the campaign.

Thanks and Gratitude:

In conclusion, I would like to extend the greatest thanks and gratitude to members of the Board of Directors for their support and trust. Their constructive cooperation and continuous understanding of our ambitions have brought our Company to this advanced level. I must also thank the Executive Management and all employees who contributed largely, through their dedication, enlightened ideas, and extensive culture, each in their field to the growth of the Company.

Thanks to the dedication of its leadership, supervision, and execution, Al-Safat Investment Co. is advancing towards a bright future of ongoing development of performance and results. Thanks are also due to the regulatory entities and investors for their continuous cooperation and constructive support.

Abdullah Hamad AlTerkait
Chairman

Independent Board Member's Endorsement

أقر أنا الموقع أدناه مشعل أحمد جاسم الجاركي، بطاقة مدنية رقم 281051000047، وحيث أنني عضو مجلس إدارة مستقل لدى شركة الصفاة للاستثمار ، فإنني أقر بأنه تتوافر لدي الشروط التالية :

1- أنني أتمتع بالاستقلالية على النحو الوارد في المادة (2-3) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتهما.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الاسم : مشعل أحمد جاسم الجاركي

التاريخ : 2023/03/22

التوقيع :

Independent Board Member’s Endorsement

أقر أنا الموقع أدناه عبدالمحسن سليمان المشعان، بطاقة مدنية رقم 256091000071، وحيث أنني عضو مجلس إدارة مستقل لدى شركة الصفاة للاستثمار فإنني أقر بأنه تتوافر لدي الشروط التالية :

1- أنني أتمتع بالاستقلالية على النحو الوارد في المادة (2-3) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتهما.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الاسم : عبدالمحسن سليمان المشعان

التاريخ : 2023/03/22

التوقيع :

Independent Board Member's Endorsement

أقر أنا الموقع أدناه د. أنور علي نقي النقي، بطاقة مدنية رقم 259060104058، وحيث أنني عضو مجلس إدارة مستقل لدى شركة الصفاة للاستثمار، فإنني أقر بأنه تتوافر لدي الشروط التالية :

1- أنني أتمتع بالاستقلالية على النحو الوارد في المادة (2-3) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتهما.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الاسم : د. أنور علي نقي النقي

التاريخ : 2023/03/22

التوقيع :

Annual Audit Committee report for the year ended 31 December 2022

Al Safat Investment Company Audit Committee supports the Board of Directors in fulfilling its supervisory responsibilities to ensure the company's financial reports are prepared accurately in compliance with the laws, regulations, and the professional code of conduct. The Audit Committee also plays a role in identifying weaknesses in the internal control and audit processes and recommending corrective measures. Moreover, the committee assists in managing current and mitigating emerging risks. The Audit Committee ensures that the company's objectives are aligned with the shareholders' interest and that the internal control system protects their rights.

Al Safat Investment Company Audit Committee role is crucial in promoting transparency, accountability and shareholders' confidence in the company's financial reporting and internal control systems.The Audit Committee plays a vital role in reviewing and supervising the external auditor's reports, related to the quarterly and annual financial statements of the company, prior to presenting them to the Board of Directors. The Audit Committee holds meetings with the auditors, if required, to ensure the accuracy of the company's financial statements and the independence of the external auditor's opinion.Moreover, the Audit Committee has taken the necessary measures to ensure compliance with the corporate governance framework. This includes updating the existing auditing procedures and [preparing minutes of meeting, decisions, and agendas Based on the recommendation of the Audit Committee to the Board of Directors and to the Annual General Assembly, Mr. Bader Adel Abduljader, Al Aiban and Al-Osaimi (Ernst & Young), a licensed external auditor by the Capital Markets Authority, was appointed.

The Audit Committee also emphasized on the commitment of the Board of Directors and the Executive Management to provide clear written pledges on the accuracy and integrity of the annual financial statements and the financial reports related to the company's for the fiscal year ended 31 December 2022. These pledges shall cover all financial aspects and operational results that were prepared in accordance with the international financial reporting standards.

Formation of the Committee:

The Committee was re-formed on 27 April 2022, with Mr. Anwar Al Naqi leaving the committee and Mr. Mishaal Ahmad Al Jareki joining the Committee as presented below:

Name	BoD Membership	Committee Membership
Fahad Abdul Rahman Al Mukhaizim	Vice Chairman/ Non-Executive	Chairman
Nasser Bader Al Sharhan	Member/ Non-Executive	Vice Chairman
Mishaal Ahmad Al Jareki	Member/ Independent	Member

Committee's Meetings:

The Audit Committee held (9) meetings in 2022 as shown below:

Meeting	Fahad Al Mukhaizim	Nasser Bader Al Sharhan	Mishaal Ahmad Al Jareki	Dr. Anwar Ali Al Naqi
Meeting no (1) 20/02/2022	√	√	-	√
Meeting no (2) 11/05/2022	√	√	√	_
Meeting no (3) 25/05/2022	√	√	√	_
Meeting no (4) 28/06/2022	√	√	√	_
Meeting no (5) 04/08/2022	√	√	√	_
Meeting no (6) 09/11/2022	√	√	√	_
Meeting no (7) 23/11/2022	√	√	√	_
Meeting no (8) 11/12/2022	√	√	√	_
Meeting no (9) 18/12/2022	√	√	√	_

Responsibilities and achievements of the committee

1. Reviewed the draft annual audited parent and consolidated financial statements for the fiscal year 2021 and submitted a recommendation to the Board of Directors for approval and for taking the necessary measures to request holding an ordinary Annual General Assembly meeting.
2. Approved the proposal to appoint the external auditor Mr. Abdulkarim Abdullah Al Samdan, of Al Aiban and Al-Osaimi & Partners (Ernst & Young).
3. Submitted a recommendation to appoint a new external Sharia auditor (Osol for Sharia Consulting).
4. Approved the internal audit plan for 2022.
5. Reviewed the internal Sharia audit reports for the fourth quarter of 2021 and the first, second, and third quarters of 2022 to ensure that the Sharia Audit Unit reviewed the compliance of the company's activities and operations with Sharia provisions.
6. Evaluated the performance of the Head of the Internal Audit Department of the company in addition to the consulting body that the company has contracted with, Al Aiban, Al Osaimi & Partners (Ernst & Young).
7. Reviewed the draft consolidated interim financial statements (unaudited) for the first, second, and third quarters of 2022 and submitted a recommendation to the Board of Directors for approval.
8. Reviewed the Company`s Internal Control Review (ICR) report for the year 2021 and mandated the Head of Internal Audit to follow up and address the observations in the report with the relevant departments.
9. Reviewed the money laundering inspection of the company report by the Financial Markets Authority issued on 22/09/2022 and recommended addressing the observations.

10. Reviewed the field inspection report by the Financial Markets Authority issued on 08/11/2022 and recommended addressing the observations.
11. Made the appropriate decisions to address the observations made by the inspection team of the Financial Markets Authority by preparing a plan.
12. Reviewed the internal audit reports of 2022 that were carried out on all company departments and mandated the Internal Audit Head to follow up with the company's managers to take the necessary steps to rectify the observations.
13. Carried out annual evaluation of Committee members for 2022.

The Audit Committee believes that Al Safat Investment Company applies a sound control environment for its operations whilst achieving its objectives. It is making progress in the effectiveness of the monitoring system in compliance with the laws and regulations issued by the regulatory authorities in the State of Kuwait.

Fahad Abdul Rahman Al Mukhaizim
Audit Committee Chairman

Board of Directors Pledge

Date: 28/3/2023

We, Chairman and members of Al-Safat Investment Co. BoD, testify that the financial statements as of 31 December 2022 are accurate and true, and that the Company financial reports have been presented properly and fairly, errors and omissions excepted, and in accordance with the international standards of financial reporting as implemented in the State of Kuwait, based on the information and reports of the Executive Management and auditors. Due diligence has been observed in verifying the accuracy and integrity of these reports.

Chairman
Abdullah Hamad Al-Terkait

Vice Chairman
Fahad Abdul Rahman
Al Mukhaizim

Board Member
Abdul Muhsen Sulaiman
Al Meshan

Board Member
Nasser Bader
Al Sharhan

Board Member
Dr. Anwar Ali
Al Naqi

Board Member
Mishal Ahmad
Al Jareki

Board Member
Abdul Razzaq Zaid
Al Dhubayn

Pledge of the Executive Management

Date: 28/3/2023

Messrs. Chairman and Members of the Board of Al-Safat Investment Co.

In reference to the above subject, and in accordance with the Capital Markets Authority requirements we confirm that the consolidated financial statements of Al-Safat Investment Co.(KSCC) and its affiliates for the year ending 31 December 2022 have been properly and fairly presented, errors and omissions excepted, and that they exhibit all the Company financial aspects including data and operational results which were prepared in accordance with the international standards of financial reporting and approved by the CMA.

The Executive Manager
Ahmed Fathy Abouzeid

Finance Manager
Rabea Kaakaty

التاريخ: 1444/09/13هـ
الموافق: 2023/04/04م

تقرير هيئة الرقابة الشرعية
عن الفتـــرة الماليــة 2022/01/01-2022/12/31

السادة /شركة الصفاة للاستثمار المحترمين

السلام عليكم ورحمة الله وبركاته، وبعد:

وفقاً للسلطات المخولة لنا من قبل أعضاء الجمعية العمومية لشركة الصفاة للاستثمار وبموجب النظام الأساسي للشركة وتعليمات الجهات الرقابية ذات الصلة فإن هيئة الرقابة الشرعية تقدم تقريرها النهائي عن الفترة 2022/01/01 – 2022/12/31 وهو يتضمن أربعة بنود على النحو الآتي:-

<u>أولاً: أعمال هيئة الرقابة الشرعية :</u>

قامت هيئة الرقابة الشرعية بأعمالها والتي اشتملت على فحص الهياكل الإستثمارية وصيغ العقود والمنتجات والسياسات والإجراءات، سواء بشكل مباشر أو بالتنسيق مع إدارة التدقيق الشرعي الداخلي من أجل الحصول على جميع المعلومات والتفسيرات التي اعتبرتها ضرورية لتزويدها بأدلة تكفي لإعطاء تأكيدات معقولة بأن الشركة لم تخالف أحكام الشريعة الإسلامية في ضوء قرارات هيئة الرقابة الشرعية والمعايير الشرعية المعتمدة للشركة وقرارات الجهات الرقابية ذات الصلة.

ثانياً : قرارات هيئة الرقابة الشرعية :

قامت هيئة الرقابة الشرعية للشركة بالرد على جميع استفسارات الشركة وأصدرت عدد (29) قراراً خلال الفترة.

ثالثاً : السياسات والإجراءات المعتمدة من قبل هيئة الرقابة الشرعية:

لم تقم هيئة الرقابة الشرعية للشركة بإعتماد أية سياسات وإجراءات لمنتجات وأنشطة للشركة خلال الفترة.

رابعاً: الرأي النهائي :

في رأينا وبعد دراسة جميع الإيضاحات والتأكيدات التي حصلنا عليها فإننا نعتقد:

أن العقود والعمليات والمعاملات التي أبرمتها الشركة خلال الفترة من 2022/01/01 إلى 2022/12/31 تمت وفقاً لأحكام الشريعة الإسلامية ماعدا:

1- بعض الشركات التابعة التي تعاملت بأدوات غير متوافقة مع أحكام الشريعة الإسلامية ، وتوصي هيئة الرقابة الشرعية إدارة الشركة بمعالجة هذه المخالفة بأسرع وقت.

والحمد لله رب العالمين،،

رئيس هيئة الرقابة الشرعية	**عضو هيئة الرقابة الشرعية**	**عضو هيئة الرقابة الشرعية**
د. عبداللطيف حاجي العوضي	**أ.د. محمد خالد منصور**	**د. محمد علي الهدية**

Shariah External Audit Report for the year 2022

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أصول للاستشارات الشرعيّة
Osol For Sharia Advisory

تقرير المدقق الشرعي الخارجي المستقل لعام 2022

الحمد لله وحده، والصلاة والسلام على من لا نبي بعده، وعلى آله وصحبه.

إلى السادة / مساهمي شركة الصفاة للاستثمار
دولة الكويت

هدف ونطاق التدقيق

قمنا بتدقيق العقود والمعاملات التي نفذتها شركة الصفاة للاستثمار (الشركة) خلال السنة المنتهية في 2022/12/31 لإبداء الرأي في مدى التزام الشركة بأحكام الشريعة الإسلامية كما هي في قرارات هيئة الرقابة الشرعية للشركة والمعايير الشرعية للمؤسسات المالية الإسلامية الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية (أيوفي) وقرارات هيئة أسواق المال ذات الصلة.

وبمراجعتنا لمدى الالتزام اتضح التزام الشركة بالعمل وفق المعايير الشرعية المذكورة آنفاً وقرارات هيئة أسواق المال ذات الصلة.

مسؤولية الإدارة عن الالتزام الشرعي

تقع مسؤولية الالتزام بتنفيذ العقود والمعاملات طبقاً لأحكام الشريعة الإسلامية على إدارة الشركة، كما أن الإدارة مسؤولة عن الرقابة الشرعية الداخلية التي تراها ضرورية لضمان تنفيذ العقود والمعاملات طبقاً لأحكام الشريعة الإسلامية.

وتتمثل الجهات المسؤولة في الشركة عن إجراء التعاملات التي تم فحصها ومراحل إنجازها في إدارات الشركة المختلفة.

الاستقلالية والمتطلبات الأخلاقية الأخرى ورقابة الجودة

لقد التزمنا بالاستقلالية والمتطلبات الأخلاقية الأخرى كما هي في "مدونة الأخلاقيات للمهنيين في مجال التمويل الإسلامي" الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية، لقد التزمنا بمتطلبات المعيار الدولي لإدارة الجودة رقم 1 "إدارة الجودة للمكاتب التي تنفذ ارتباطات مراجعة أو فحص للقوائم المالية أو ارتباطات التأكيد الأخرى أو ارتباطات الخدمات ذات العلاقة"، مع مراعاة للوائح والقوانين التنظيمية لهيئة أسواق المال بدولة الكويت.

Shariah External Audit Report for the year 2022 (continued)

مسؤولية المدقق الشرعي الخارجي ووصف العمل المنجز

تتمثل مسؤوليتنا في إبداء الرأي في مدى التزام الشركة بأحكام الشريعة الإسلامية بناءً على تدقيقنا. وقد تم تدقيقنا وفقاً لمعايير الحوكمة ومعايير التدقيق الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية وبالأخص معيار التدقيق للمؤسسات المالية الإسلامية رقم (6) بشأن "التدقيق الشرعي الخارجي (عمليات التأكيد المستقل على التزام المؤسسة المالية الإسلامية بأحكام الشريعة الإسلامية)" ووفقاً لمعيار التأكيد رقم (3000) بشأن " ارتباطات التأكيد الأخرى بخلاف عمليات مراجعة أو فحص المعلومات المالية التاريخية" ومبدأ الأهمية النسبية والذي يختلف بحسب حجم عميل التدقيق وطبيعة عملياته ومخاطره الشرعية وبناءً على بنود الأصول والخصوم والإيرادات والمصروفات، وقد تم تحديده في هذا التقرير بنسبة 1% من الإجماليات المذكورة سابقاً وما يترتب على ذلك من آثار على منهجية التدقيق وإظهار الملاحظات -إن وجدت- في هذا التقرير. وتتطلب هذه المعايير أن نمتثل لمتطلبات السلوك الأخلاقي للمهنة وأن نقوم بتخطيط وأداء التدقيق للحصول على تأكيد معقول بأن الشركة ملتزم بأحكام الشريعة الإسلامية. إن التأكيد المعقول هو مستوى عالٍ من التأكيد، لكنه لا يضمن بأن عملية التدقيق الشرعي سوف تكشف دائماً عن المخالفات الشرعية عند وجودها.

وتتضمن أعمال التدقيق أداء إجراءات للحصول على أدلة تدقيق حول مدى الالتزام بأحكام الشريعة الإسلامية، لقد قمنا بتدقيقنا بناءً على عينة منهجية مختارة، ونعتقد بأن أدلة التدقيق التي حصلنا عليها كافية ومناسبة كأساس لإبداء رأي التدقيق الخاص بنا. وكجزء من عملية التدقيق الشرعي فإننا نمارس التقدير المهني ونحافظ على الشك المهني طوال فترة التدقيق، بحيث نقوم بأعمالنا على النحو التالي:

- تحديد المرجعية الشرعية.
- تحديد وتقييم مخاطر عدم الالتزام الشرعي.
- تكوين فهم حول نظام الرقابة الشرعية الداخلية ذي الصلة بالتدقيق من أجل تصميم إجراءات تدقيق مناسبة.
- تصميم إجراءات التدقيق بما ينسجم مع مخاطر عدم الالتزام الشرعي.
- القيام بعملية التدقيق الشرعي الميداني والحصول على المستندات المؤيدة.
- الحصول على أدلة تدقيق كافية ومناسبة توفر أساساً لإبداء رأينا.
- التواصل مع الإدارة فيما يخص التخطيط لعملية التدقيق ونتائج التدقيق المهمة.
- إرسال نسخة من تقرير نتائج التدقيق الشرعي والتوصيات والحصول على رد الإدارة بشأن كل ملاحظة -إن وجدت-.
- تقييم الملاحظات المثبتة في تقرير نتائج التدقيق الشرعي والتوصيات والتقرير السنوي للتدقيق الشرعي الخارجي في ضوء مبدأ الأهمية النسبية.

وفي ضوء ما تم بيانه أعلاه فإننا نقيم كفاءة وفاعلية إجراءات المخاطر الشرعية بأنها جيدة وكافية.

Shariah External Audit Report for the year 2022 (continued)

ولتحقيق الأهداف من عملية التدقيق الشرعي فإننا قمنا بالاطلاع وفحص البيانات التالية:

- نظام الرقابة الشرعية الداخلية للشركة.
- تقارير وحدة التدقيق الشرعي الداخلي للشركة.
- البيانات المالية للشركة، وقد لاحظنا وجود مبلغ إيرادات غير متوافقة وتسهيلات بنكية تقليدية غير متوافقة مع الشريعة في بعض الشركات التابعة وذلك بنسبة أقل من حد الأهمية النسبية الموضح في هذا التقرير، وقد تم الاجتماع مع إدارة الشركة وأبلغتنا بأنه جاري العمل لمعالجة هذه الملاحظات وآثارها خلال العام مع الالتزام بتطهير الإيرادات غير المتوافقة مع الشريعة.
- العقود الموقعة خلال العام.
- عمليات الاستثمار والحركة عليها خلال العام.
- عمليات تداول الأوراق المالية والحركة عليها خلال العام.

الرأي

مع مراعاة ما ورد في الفقرة السابقة، فإن العقود والمعاملات التي أبرمتها شركة الصفاة للاستثمار (الشركة) خلال السنة المنتهية في 2022/12/31 تمت وفقاً لأحكام الشريعة الإسلامية كما تم تحديدها في المرجعية الشرعية للشركة.

والسلام عليكم ورحمة الله وبركاته.

الكويت في 2023/04/18

د. محمد عبدالرحمن الشرفا

المدقق الشرعي الخارجي

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SAFAT INVESTMENT COMPANY K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Safat Investment 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 flow 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), as adopted by the Central Bank of Kuwait (CBK) for use by the State of Kuwait.

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 basis for our opinion.

Emphasis of Matter

We draw attention to Note 31 to the consolidated financial statements which states that during 2021, Evolvance Capital Ltd (the 'custodian'), filed a lawsuit against the Parent Company in response to the legal formalities initiated by the Parent Company. Further, the Parent Company filed a counter claim against the custodian. On 27 October 2021, the Court ruled to assign an expert committee to verify the elements of the lawsuit and submit their findings. The expert report was issued in favour of the Parent Company, and consequently a favourable judgement was handed down by the court on 28 September 2022. The custodian filed an appeal against this ruling and the court hearing scheduled on 7 November 2022 was adjourned to 21 November 2022 and subsequently to 29 March 2023. Accordingly, the ultimate outcome of this matter cannot presently be determined.

Our Opinion is not modified is respect to this matter.

Key Audit Matters

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

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 of our audit opinion on the accompanying consolidated financial statements.

Fair valuation of investment properties

Investment properties represent a significant part of the total assets of the Group and are measured at fair value of KD 17,414,655 as at 31 December 2022.

The fair value of Group's investment properties have been determined by external real estate appraiser. The determination of fair value of investment properties is dependent on key inputs, such as rental value, maintenance status, market knowledge and historical transactions, which, although not directly observable, but are corroborated by observable market data. The disclosures relating to the inputs are relevant, given the estimation uncertainty involved in these valuations. The methodology applied in determining the valuations is set out in Note 10 of the consolidated financial statements.

Given the size and significances of the valuation of investment properties, and the importance of the disclosures relating to the inputs used in such valuations, we have considered this as a key audit matter.

Our audit procedures included, among others, the following:

- We have tested the inputs and assumptions made by management of the Group and the appropriateness of the properties' related data supporting the external appraiser's valuations.
- We performed procedures for areas of risk and estimation. This included, where relevant, comparison of judgments made to current market practices and challenging the valuations on a sample basis.
- Further, we have considered the objectivity, independence and competence of the external real estate appraiser.
- We also assessed the appropriateness of the disclosures relating to the investment properties of the Group in Note 10 to the consolidated financial statements.

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 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 IFRSs as adopted by CBK for use by the State of Kuwait 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.

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 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.

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 auditors' 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, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2022, that might have 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, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, or 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.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

29 March 2023
Kuwait

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	2022 KD	2021 KD
ASSETS			
Cash and bank balances	4	**1,026,442**	1,487,464
Term deposits	5	**871,113**	1,358,871
Murabaha receivables		**-**	30,974
Accounts receivable and other assets	6	**2,216,646**	2,304,689
Inventories	7	**623,702**	462,912
Investment securities	8	**1,362,733**	1,953,121
Investment in associates and joint venture	9	**4,572,768**	4,326,597
Intangible assets		**774**	2,593
Investment properties	10	**17,414,655**	19,566,551
Property, plant and equipment	11	**2,921,543**	8,561,653
		31,010,376	40,055,425
Assets held for sale	12	**5,821,785**	-
TOTAL ASSETS		**36,832,161**	40,055,425
LIABILITIES AND EQUITY			
Liabilities			
Bank overdrafts	4	**98,806**	267,083
Notes payable		**28,084**	123,583
Other liabilities	13	**4,677,123**	7,471,539
Lease liabilities	14	**2,905,245**	3,365,650
		7,709,258	11,227,855
Liabilities directly associated with the assets held for sale	12	**732,051**	-
Total liabilities		**8,441,309**	11,227,855
Equity			
Share capital	15	**28,327,569**	26,978,637
Share premium	15	**259,677**	259,677
Statutory reserve	15	**1,511,039**	1,492,077
Voluntary reserve	15	**1,511,039**	1,492,077
Treasury shares	16	**(307,393)**	(307,393)
Treasury shares reserve		**615,002**	615,002
Asset revaluation surplus		**168,036**	231,655
Other reserves		**376,538**	376,538
Fair value reserve		**(9,520,490)**	(10,796,434)
Foreign currency translation reserve		**(671,564)**	(474,830)
Retained earnings		**517,965**	3,366,928
Equity attributable to equity holders of the Parent Company		**22,787,418**	23,233,934
Non-controlling interests		**5,603,434**	5,593,636
Total equity		**28,390,852**	28,827,570
TOTAL LIABILITIES AND EQUITY		**36,832,161**	40,055,425

Abdullah Hamad Al-Terkait	**Fahad Abdulrahman Al-Mukhaizim**
Chairman	**Vice Chairman**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 KD	2021 KD
CONTINUING OPERATIONS			
Revenue			
Revenue from contracts with customers	17	**3,398,668**	3,209,986
Cost of sales	21	**(2,719,714)**	(2,462,043)
Gross profit		**678,954**	747,943
Fee and commission income	17	**207,253**	236,973
Net investment income on financial assets	18	**211,245**	326,392
Share of results of associates and joint venture	9	**95,999**	892,584
Net rental income	19	**1,455,967**	1,416,250
Loss on disposal of investment property	10	**(9,228)**	-
Change in fair value of investment properties	10	**(1,323,809)**	70,825
Net (allowance) reversal for impairment losses and other provisions	20	**2,313,029**	204,131
Net foreign exchange differences		**(1,005,374)**	(22,121)
Other income		**167,674**	639,064
Net operating income		**2,791,710**	4,512,041
General and administrative expenses	21	**(2,512,766)**	(2,620,889)
Total operating expenses		**(2,512,766)**	(2,620,889)
Operating profit		**278,944**	1,891,152
Finance costs		**(198,015)**	(235,208)
Profit before tax and directors' remuneration from continued operations		**80,929**	1,655,944
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		**(1,707)**	(14,154)
Zakat		**-**	(8,228)
National Labour Support Tax (NLST)		**(2,180)**	(34,436)
Board of directors' remuneration		**-**	(80,000)
Profit for the year from continued operations		**77,042**	1,519,126
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	12	**(108,547)**	(223,127)
(LOSS) PROFIT FOR THE YEAR		**(31,505)**	1,295,999
Attributable to:			
Equity holders of the Parent Company		**185,732**	1,435,903
Non-controlling interests		**(217,237)**	(139,904)
		(31,505)	1,295,999
BASIC AND DILUTED EPS (FILS)	22	**0.66**	5.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	KD	KD
(Loss) profit for the year	**(31,505)**	1,295,999
Other comprehensive loss		
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent years:		
Share of associates other comprehensive income (loss)	**480,000**	(295,999)
Exchange differences on translation of foreign operations	**(252,496)**	8,551
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent years	**227,504**	(287,448)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent years:		
Net change in fair value of equity instruments designated at fair value through other comprehensive income	**(632,717)**	(820,697)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent years	**(632,717)**	(820,697)
Other comprehensive loss	**(405,213)**	(1,108,145)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	**(436,718)**	187,854
Attributable to:		
Equity holders of the Parent Company	**(446,516)**	785,799
Non-controlling interests	**9,798**	(597,945)
	(436,718)	187,854

AL SAFAT
AL SAFAT INVESTMENT COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Equity attributable to equity holders of the Parent Company													
	Share capital	*Share premium*	*Statutory reserve*	*Voluntary reserve*	*Treasury shares*	*Treasury shares reserve*	*Asset revaluation surplus*	*Other reserves*	*Fair value reserve*	*Foreign currency translation reserve*	*Retained earnings*	*Sub- total*	*Non-controlling interests*	*Total equity*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
As at 1 January 2022	26,978,637	259,677	1,492,077	1,492,077	(307,393)	615,002	231,655	376,538	(10,796,434)	(474,830)	3,366,928	23,233,934	5,593,636	28,827,570
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	185,732	185,732	(217,237)	(31,505)
Other comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(435,514)	(196,734)	-	(632,248)	227,035	(405,213)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(435,514)	(196,734)	185,732	(446,516)	9,798	(436,718)
Transfer to reserves	-	-	18,962	18,962	-	-	-	-	-	-	(37,924)	-	-	-
Realized loss on disposal of equity securities at FVOCI	-	-	-	-	-	-	-	-	1,711,458	-	(1,711,458)	-	-	-
Disposal of investment property (Note 10)	-	-	-	-	-	-	(63,619)	-	-	-	63,619	-	-	-
Issue bonus shares (Note 15)	1,348,932	-	-	-	-	-	-	-	-	-	(1,348,932)	-	-	-
At 31 December 2022	**28,327,569**	**259,677**	**1,511,039**	**1,511,039**	**(307,393)**	**615,002**	**168,036**	**376,538**	**(9,520,490)**	**(671,564)**	**517,965**	**22,787,418**	**5,603,434**	**28,390,852**
As at 1 January 2021	25,693,940	259,677	1,334,805	1,334,805	(307,393)	615,002	231,655	376,538	(10,517,317)	(472,938)	3,840,460	22,389,234	6,187,357	28,576,591
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	1,435,903	1,435,903	(139,904)	1,295,999
Other comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(648,212)	(1,892)	-	(650,104)	(458,041)	(1,108,145)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(648,212)	(1,892)	1,435,903	785,799	(597,945)	187,854
Transfer to reserves	-	-	157,272	157,272	-	-	-	-	-	-	(314,544)	-	-	-
Realized loss on disposal of equity securities at FVOCI	-	-	-	-	-	-	-	-	369,095	-	(369,095)	-	-	-
Share of associate's income from realized gain on disposal of equity securities at FVOCI	-	-	-	-	-	-	-	-	-	-	58,901	58,901	4,224	63,125
Issue bonus shares (Note 15)	1,284,697	-	-	-	-	-	-	-	-	-	(1,284,697)	-	-	-
At 31 December 2021	26,978,637	259,677	1,492,077	1,492,077	(307,393)	615,002	231,655	376,538	(10,796,434)	(474,830)	3,366,928	23,233,934	5,593,636	28,827,570

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 KD	2021 KD
OPERATING ACTIVITIES			
Profit before tax and directors' remuneration form continued operations		**80,929**	1,655,944
Loss for the year before tax from discontinued operations		**(108,547)**	(223,127)
		(27,618)	1,432,817
Adjustments to reconcile profit before tax to net cash flows:			
Amortisation of intangible assets		**1,819**	2,029
Share of results of associates and joint venture	9	**(95,999)**	(892,584)
Loss on disposal of investment property	10	**9,228**	-
Change in fair value of investment properties	10	**1,323,809**	(70,825)
Gain on disposal of property, plant and equipment	11	**(10,307)**	-
Depreciation of property, plant and equipment	11	**405,553**	462,168
Impairment of property, plant and equipment	11	**-**	179,687
Income from deposits	18	**(105,546)**	(95,319)
Dividend income	18	**(102,403)**	(195,263)
Unrealised gain on financial assets at fair value through profit or loss	18	**(3,296)**	(11,394)
ECL reversal on trade receivables	20	**(76,263)**	(242,130)
Net (reversal) charge for provision on inventories	20	**(30,000)**	30,000
Reversal of provision for transferring Q Holding shares no longer required	20	**(2,297,615)**	(350,000)
Reversal of provision related to dispute with custodian	20	**(198,688)**	-
Other provisions charges	20	**289,537**	-
Provision for employees' end of service benefits		**126,585**	129,985
Finance costs		**208,184**	214,543
		(583,020)	593,714
Changes in operating assets and liabilities			
Changes in financial assets at fair value through profit or loss		**-**	246,559
Accounts receivable and other assets		**(130,790)**	88,397
Inventories		**146,991**	(101,417)
Other liabilities		**4,050**	(377,595)
Cashflows from operations		**(562,769)**	449,658
Employees' end of service benefits paid		**(185,141)**	(143,443)
Net cash flows (used in) from operating activities		**(747,910)**	306,215
INVESTING ACTIVITIES			
Proceeds from sale of financial assets through other comprehensive income		**289,999**	258,606
Purchase of property, plant and equipment		**(510,923)**	(193,403)
Proceeds from sale of property, plant and equipment		**29,238**	30,772
Income received from term deposits		**105,546**	95,319
Dividend income received		**102,403**	195,263
Capital expenditure on investment properties	10	**836,148**	(1,565,771)
Net movement in term deposits		**-**	1,617
Net cash flows from (used in) investing activities		**852,411**	(1,177,597)
FINANCING ACTIVITIES			
Payment of lease liabilities	13	**(553,680)**	(509,113)
Net movement of notes payable		**(95,499)**	68,496
Net wakala receivables		**30,974**	(30,974)
Net cash flows used in financing activities		**(618,205)**	(471,591)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(513,704)**	(1,342,973)
Cash and cash equivalents as at 1 January		**1,220,381**	2,319,477
Net foreign exchange differences		**220,959**	243,877
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	4	**927,636**	1,220,381
Non-cash items excluded from the consolidated statement of cash flows:			
Issues of bonus share (Adjusted with share capital)		**1,348,932**	1,284,697
Issues of bonus share (Adjusted with retained earnings)		**(1,348,932)**	(1,284,697)
Right of use assets		**80,108**	-
Lease liabilities		**(80,108)**	-

1. CORPORATE INFORMATION

The consolidated financial statements of Al Safat Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 28 March 2023.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares were publicly traded in Kuwait Stock Exchange ("KSE"). On 13 March 2013, the Parent Company was delisted from KSE, however, during the year on 11 October 2021, the Parent Company re-listed on Boursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait ("CBK") as an investment and finance company and is subject to the supervision of Capital Markets Authority ("CMA").

The activities of the Parent Company are as follows:

- Producing various chemical products and marketing them locally and abroad.
- Investing in real estate, industrial, agricultural and other economic sectors through participating the incorporation of specialized companies or acquiring shares or bonds in these companies in various sectors.
- Participating in the incorporation or partially acquiring companies in various sectors.
- Investment Portfolio Manager.
- Investment Advisor.
- Mediation in lending and borrowing operations.
- Subscription Agent.
- Financing and mediating international commercial transactions.
- Providing loans to others taking into consideration safe principles in extending loans and the continuation of safety for financial position of the company as per rules and regulation of Central Bank of Kuwait.
- To carry out securities trading transaction including buying and selling stocks and bonds of companies and local and international governmental agencies.
- Performing all services contributing to development and supporting the ability of stock market and cash liquidity in Kuwait and satisfying needs as permitted by law and policies and procedures issued by Central Bank of Kuwait.
- Collective Investment Scheme Manager.
- Investment Controller

The activities of the Parent Company are carried out in accordance with Islamic Sharia principles as approved by the Group's Sharia Committee. The Parent Company's head office is located at Al-Safat Tower, 14th floor, Hawalli, Beirut Street, State of Kuwait and its registered postal address is P.O. Box 20133, Safat 13062, Kuwait.

Information on the Group's structure is provided below. Information on other related party relationships of the Group is provided in Note 26.

1.1 GROUP INFORMATION

a) Subsidiaries

The consolidated financial statements of the Group include:

Name	Country of incorporation	Effective equity interest		Principal activities
		2022	2021	
Al Safat Holding Company K.S.C.(Closed) ('Safat Holding') *.	Kuwait	**99%**	99%	Holding company
Safat House for General Trading Company W.L.L.	Kuwait	**80%**	80%	General trading
Al Safat for Consultancy K.S.C. (Closed)	Kuwait	**96%**	96%	Consultancy
Dar Al Safat General Trading Company W.L.L.*.	Kuwait	**99%**	99%	General trading
The Roots Brokerage	Egypt	**60%**	60%	Brokerage
Held through Safat Holding				
Al Assriya Printing Press Publishing and Distribution Company W.L.L. ('Al Assriya')	Kuwait	**90%**	90%	Printing and distribution
Al-Ezdehar Real Estate Tourism Company K.S.C. (Closed)	Kuwait	**71.92%**	71.92%	Real estate
Safat Industries Holding Company K.S.C. (Closed) ('Safat Industries')	Kuwait	**63.79%**	63.79%	Holding company
Held through Safat Industries				
Middle East for Chemical Manufacturing W.L.L. ('MECC')	Kuwait	**50%**	50%	Chemical products manufacturing
Carpets Industry Company K.S.C. (Closed) ('Carpets') (Note 12)	Kuwait	**51.28%**	51.28%	Manufacturing carpets

* The Group's effective interest in the above subsidiaries is 100%. The Group directly holds the shares in the subsidiaries as mentioned above, and the remaining shares are held indirectly in the name of nominees on behalf of the Parent Company. The nominees have confirmed in writing that the Parent Company is the beneficial owner of the shares in the subsidiary. Accordingly, there are no non-controlling interests reported in the consolidated statement of financial position, related to the subsidiaries, as at 31 December 2022.

b) Associates

Set out below are the associates of the Group as at 31 December. For more details, refer to Note 9.

Name	Country of incorporation	% equity interest		Principal activities
		2022	2021	
Asia Holding Company K.S.C. (Closed)	Kuwait	**21.70%**	21.70%	Holding company
Senergy Holding Company K.S.C.P.	Kuwait	**20.88%**	20.88%	Holding company

c) Joint venture

Set out below is the joint venture of the Group as at 31 December. For more details, refer to Note 9.

Name	**Country of incorporation**	**% equity interest**		**Principal activities**
		2022	2021	
The Liquid Capital General Trading Company W.L.L.	Kuwait	**50%**	50%	Holding company

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by CBK in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") (collectively referred to as "IFRS, as adopted for use by the Central Bank of Kuwait for use by State of Kuwait").

The consolidated financial statements of the Group have been prepared on a historical cost basis except for investment in equity securities and investment properties, which have been measured at fair value.

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

The Group presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 27.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.2.1 New and amended standards and interpretations adopted by the Group

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

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

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the consolidated financial statements of the Group as there were no onerous contracts outstanding within the scope of these amendments arisen during the period.

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.

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

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

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

Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.3 STANDARDS ISSUED BUT NOT EFFECTIVE

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

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 its current accounting policies and whether the Group may wish to re-assess covenants in its existing loan agreements.

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.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

2.4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at the reporting date. 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 result 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 arrangement(s) 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 OCI are attributed to the equity holders of the Parent Company 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 in 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.

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 interest 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.

2.4.2 Business combinations

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

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.

2.4.3 Investment in associates and joint ventures

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 Group's investment in its associate is accounted for using the equity method.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The factors considered in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or joint venture 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 and joint venture. since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. 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 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 or joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate and joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate and joint venture' in the statement of profit or loss.

Upon loss of "significant influence" and "joint control" over the associate and joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate and joint venture upon loss of significant influence and joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Where applicable, adjustments are made to bring the accounting policies of the associate in line with those of the Group. The difference in reporting date of the associate and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

2.4.4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, non-restricted cash at banks, cash held in investment portfolios and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

2.4.5 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.

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

i) Financial assets

Initial recognition and initial measurement

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 profit (SPPP)' on the principal amount outstanding. This assessment is referred to as the SPPP test and is performed at an instrument level. Financial assets with cash flows that are not SPPP are classified and measured at fair value through profit or loss, irrespective of the business model.

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 contractual 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 yield method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

b) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the 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.

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 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.

The Group elected to classify irrevocably certain equity investments under this category.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the 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. Net gains and losses, including any profit or dividend income, are recognised in profit or loss.

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.

ii) Financial liabilities

Initial recognition and measurement

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss

Financial liabilities at amortised cost

Bank overdrafts and notes payables

After initial recognition, profit-bearing 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 statement of profit or loss.

Other liabilities

Accounts payable and accruals 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

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

2.4.6 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 as follows:

- Trade and other receivables, including contract assets
- Financial assets measured at amortised cost (credit facilities)

Equity investments are not subject to ECLs. Further, the Group has no debt investments measured at FVOCI.

i) Impairment of financial assets other than credit facilities

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 profit 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 and other receivables, 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.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Impairment of credit facilities

Credit facilities granted by the Group consist of loans and advances. Impairment on credit facilities shall be recognised in the consolidated statement of financial position at an amount equal to the higher of ECL under IFRS 9 according to the CBK guidelines, and the provisions required by the CBK instructions.

Provisions for credit losses in accordance with the CBK instructions

The Group is required to calculate provisions for credit losses on credit facilities in accordance with the CBK instructions with respect to credit facilities and the calculation of provisions. Credit facilities are classified as past due when a payment has not been received on its contractual payment date or if the facility is in excess of pre-approved limits. A credit facility is classified as past due and impaired when the profit or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value. Past due and past due and impaired loans are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions:

Category	**Criteria**	**Specific provision**
Watch list	Irregular for a period up to 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The Group may also include a credit facility in one of the above categories based on management's judgement of a customer's financial and/or non-financial circumstances.

Minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning.

2.4.7 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition are accounted for as follows:

- Finished goods	- Production cost on a specific identification basis.
- Spares and consumables	- Purchase cost on a weighted average basis.
- Goods in transit	- Purchase cost incurred up to the reporting date.

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

2.4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying appropriate valuation models

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) 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 profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property 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.

2.4.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

2.4.10 Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Except for leasehold land stated at revalued amount, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Depreciation is calculated using the straight–line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

- Buildings	10 years
- Buildings improvements	10 years
- Machinery and equipment	2 – 25 years
- Furniture, fixtures and computers	3 - 8 years
- Vehicles	3 - 8 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) 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 statement of profit or loss when the asset is derecognised.

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

Depreciation of these assets commences when the assets are ready for their intended use.

2.4.11 Impairment of non-financials 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 amount 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.4.12 Employees end of service benefits

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

In addition, with respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. These contributions are expensed when due.

2.4.13 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.

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.

2.4.14 Treasury shares

The Group's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in equity (treasury shares reserve) which is non-distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. 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 distributed on these shares and the voting rights related to these shares are discarded. 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.

2.4.15 Dividend income

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

2.4.16 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.

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.

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.

2.4.17 Revenue recognition

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

Rental income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Rental income is recorded net of real estate operating expenses.

Fee and commission income

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Group's revenue contracts do not typically include multiple performance obligations.

When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Sale of goods - inventory and spare parts

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 goods. 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, noncash consideration and consideration payable to the customer (if any).

Rendering of services

Revenue from rendering of services is recognised at the point in time when the control of the related services is transferred to the customer, generally on completion of the underlying service.

2.4.18 Foreign currencies

The Group's consolidated financial statements are presented in KD, which is also the Parent Company'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).

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.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Kuwaiti Dinar 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 in 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.

2.4.19 Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the consolidated financial statements, as they are not assets of the Group.

2.4.20 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 benefit 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.

2.4.21 Leases

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

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.

i) 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 remeasurement 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.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (2.4.11) Impairment of non-financial assets.

ii) 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 the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) 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 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements 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 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 Significant judgments

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on 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 profit on the principal amount outstanding.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Legal cases

In accordance with IFRSs, outcome of legal cases may result in disclosure of contingent assets, contingent liabilities or recognition of a provision. Contingent asset are possible assets that arise from past events and whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control and are disclosed if the inflow of economic benefits is probable.

The Group may also recognise a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the consolidated financial statements.

Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements, could have a material effect on the Group's financial position. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for disclosures and provision in its consolidated financial statements. Among the factors considered in making decisions on disclosure or provisions are the nature of litigation, claim or assessment, the legal process and potential outcome in the jurisdiction in which the litigation has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

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 also described in the individual notes of the related financial statement line items 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 that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of associates and joint ventures

Investment in associates and joint ventures are accounted for under the equity method of accounting, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the associates and joint venture, less any impairment losses. The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Impairment of financial assets at amortised cost

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For trade receivables and contract assets, 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.

Useful lives of depreciable assets

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

Valuation of investment properties

The fair value of investment properties is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement.

Investment properties under construction are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Note 10.

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.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of profit that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market profit rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	2022 KD	2021 KD
Cash on hand	**28,095**	27,328
Cash at banks and financial institutions	**998,347**	1,460,136
Total cash and bank balances	**1,026,442**	1,487,464
Less: bank overdrafts	**(98,806)**	(267,083)
Total cash and cash equivalents	**927,636**	1,220,381

5. TERM DEPOSIT

	2022 KD	2021 KD
Term deposits	**5,500**	11,000
Restricted deposits	**865,613**	1,347,871
	871,113	1,358,871

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2022 KD	2021 KD
Trade receivables	**8,251,611**	8,238,770
Less: Allowance for expected credit losses	**(6,696,966)**	(6,949,955)
	1,554,645	1,288,815
Prepayments, advances and deposits	**230,930**	271,982
Receivables from related parties (Note 26)	**314,584**	379,160
Other assets	**116,487**	354,732
	2,216,646	2,304,689

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

Note 27.1 includes disclosures relating to the credit risk exposures and 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
Opening expected credit losses	**6,949,955**	7,746,949
ECL reversal on trade receivables (Note 20)	**(76,263)**	(242,130)
Write-off	**-**	(554,864)
Transfer to discontinued operation	**(176,726)**	-
As at 31 December	**6,696,966**	6,949,955

7. INVENTORIES

	2022 KD	2021 KD
Finished goods and goods for resale (at lower of cost and net realisable value)	**118,319**	76,435
Raw materials (at cost)	**426,456**	405,259
Work in process (at cost)	**31,278**	85,984
	576,053	567,678
Less: provision for slow moving and obsolete inventories	**(40,976)**	(107,036)
Goods in transit (at cost)	**88,625**	2,270
Total inventories at the lower of cost and net realisable value	**623,702**	462,912

Set out below is the movement in the provision for slow moving and obsolete inventories:

	2022 KD	2021 KD
As at 1 January	**107,036**	377,304
(Reversal) charge of provision (Note 20)	**(30,000)**	30,000
Write-off	**(13,973)**	(300,268)
Transfer to discontinued operation	**(22,087)**	-
As at 31 December	**40,976**	107,036

8. INVESTMENT SECURITIES

	2022 KD	2021 KD
Financial assets at FVTPL		
Quoted equity securities	**50,663**	48,139
Unquoted equity securities	**15,535**	14,762
	66,198	62,901
Financial assets at FVOCI		
Quoted equity securities	**1,247,399**	1,834,409
Unquoted equity securities	**49,136**	55,811
	1,296,535	1,890,220
Investment securities (at fair value)	**1,362,733**	1,953,121

Financial assets at FVTPL include investments in related parties of KD 50,243 (2021: KD 47,048) (Note 26).

Financial assets at FVOCI include investments in related parties of KD 33,528 (2021: KD 32,285) (Note 26).

The hierarchy for determining and disclosing the fair value of investment securities by valuation techniques are presented in Note 30.

9. INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	2022 KD	2021 KD
Investment in associates	**2,427,600**	2,395,939
Investment in joint venture	**2,145,168**	1,930,658
	4,572,768	4,326,597

Investment in associates

The following table illustrates summarised financial information of the Group's investment in its associates. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Asia Holding Company K.S.C. (Holding)*		Senergy Holding Company K.S.C.P. ("Senergy")**		Total	
	2022 KD	2021 KD	**2022 KD**	2021 KD	**2022 KD**	2021 KD
Current assets	**755,436**	426,125	**5,933,599**	5,880,971	**6,689,035**	6,307,096
Non-current assets	**974,028**	1,025,398	**8,412,428**	9,490,302	**9,386,456**	10,515,700
Total assets	**1,729,464**	1,451,523	**14,346,027**	15,371,273	**16,075,491**	16,822,796
Current liabilities	**4,211**	10,288	**2,225,170**	2,665,750	**2,229,381**	2,676,038
Non-current liabilities	**-**	21,060	**2,286,017**	2,705,240	**2,286,017**	2,726,300
Total liabilities	**4,211**	31,348	**4,511,187**	5,370,990	**4,515,398**	5,402,338
Equity	**1,725,253**	1,420,175	**9,834,840**	10,000,283	**11,560,093**	11,420,458
Group's share in %	**% 21.70**	% 21.7	**% 20.88**	% 20.88	**-**	-
Group's carrying amount of the investment	**374,380**	308,178	**2,053,220**	2,087,761	**2,427,600**	2,395,939
Revenue	**(57,128)**	(123,480)	**2,953,128**	2,985,754	**2,896,000**	2,862,274
Loss	**(78,060)**	(154,794)	**(119,351)**	(92,122)	**(197,411)**	(246,916)
Other comprehensive loss	**383,129**	(1,301,960)	**(164,444)**	(3,331)	**218,685**	(1,305,291)
Total comprehensive income (loss)	**305,069**	(1,456,754)	**(283,795)**	(95,453)	**21,274**	(1,552,207)
Group's share of loss for the year	**(16,939)**	(33,590)	**(24,917)**	(19,232)	**(41,856)**	(52,822)

* Private entity – no quoted price available.
** As at 31 December 2022, the fair value of the Group's investment in Senergy (based on quoted market price in Boursa Kuwait) was KD 1,874,755 and the carrying amount of the net assets of the entity exceeds its market capitalisation. However, the management concluded there is no indication for impairment when considered with other available information

A reconciliation of the above summarised financial information to the carrying amount of the associates is set out below:

Reconciliation to carrying amounts	2022 KD	2021 KD
At 1 January	**2,395,939**	2,684,009
Share of loss for the year	**(41,856)**	(52,822)
Share of other comprehensive loss	**522,135**	(227,572)
Share of movement of foreign currency translation reserve	**(42,135)**	(7,676)
Share of associate's realized loss on disposal of equity securities at FVOCI	**(406,483)**	-
At 31 December	**2,427,600**	2,395,939

Investment in a joint venture

The following table illustrates summarised financial information of the Group's investment in its joint venture "The Liquid Capital General Trading Company W.L.L."

	2022 KD	2021 KD
Current assets	**13,029**	13,549
Non-current assets	**6,270,159**	5,713,494
Total assets	**6,283,188**	5,727,043
Current liabilities	**1,392,472**	1,265,500
Non-current liabilities	**600,379**	600,226
Total liabilities	**1,992,851**	1,865,726
Equity	**4,290,337**	3,861,317
Group's share in equity %	**50 %**	50 %
Group's carrying amount of the investment	**2,145,168**	1,930,658
Revenue	**403,355**	1,998,527
Profit	**275,710**	1,890,815
Other comprehensive income	**153,310**	4,736
Total comprehensive income (loss)	**429,020**	1,895,551
Group's share of profit (loss) for the year	**137,855**	945,406

The joint venture is a private entity – no quoted price available.

The joint venture had no other contingent liabilities or commitments as at 31 December 2022

A reconciliation of the above summarised financial information to the carrying amount of the joint venture is set out below:

Reconciliation to carrying amounts	**2022 KD**	2021 KD
At 1st January	**1,930,658**	982,884
Share of results for the year	**137,855**	945,406
Share of other comprehensive income	**-**	2,368
Share of joint venture's realized gain on disposal of equity securities at FVOCI	**76,655**	-
At 31 December	**2,145,168**	1,930,658

10. INVESTMENT PROPERTIES

	2022 KD	2021 KD
Completed	**17,414,655**	13,657,892
Under development	**-**	5,908,659
Investments properties	**17,414,655**	19,566,551

Investment Properties Completed

	2022 KD	2021 KD
As at 1 January	**13,657,892**	14,198,991
Capital expenditure	**-**	26,299
Disposals	**(836,148)**	-
Change in fair value	**(1,323,809)**	(559,875)
Transferred from properties under development	**5,908,659**	-
Exchange differences	**8,061**	(7,523)
As at 31 December	**17,414,655**	13,657,892

Investment properties comprise of building on a leasehold land amounting to KD 14,789,761 (2021: KD 10,623,753) and other commercial properties amounting to KD 2,624,894 (2021: KD 3,034,139).

The Group's investment properties are located in the following geographical locations:

	2022 KD	2021 KD
Kuwait	**14,789,761**	10,623,753
Other countries	**2,624,894**	3,034,139
	17,414,655	13,657,892

	2022 KD	2021 KD
Market value as estimated by the external valuer	**14,769,894**	10,964,139
Market value as estimated by the external valuer	**2,644,761**	2,693,753
Fair value for financial reporting purposes	**17,414,655**	13,657,892

The fair value of investment properties is determined based on valuations performed by independent and accredited valuers with recognised and relevant professional qualification and with recent experience in locations and categories of investment properties being valued. The valuation models applied are consistent with the principles in IFRS 13 and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitalisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm'). Based on these valuations, the fair value of investment properties witnessed a decrease of KD 1,323,809 compared to its carrying values as at 31 December 2022 (2021 increase: KD 70,825).

Investment Property Under Development

	2022 KD	2021 KD
As at 1 January	**5,908,659**	3,738,487
Additions	**-**	1,539,472
Revaluation of investment properties	**-**	630,700
Transferred to completed properties	**(5,908,659)**	-
As at 31 December	**-**	5,908,659

	2022 KD	2021 KD
Market value as estimated by the external valuer	**-**	5,757,000
Add: lease liabilities recognised separately	**-**	151,659
Fair value for financial reporting purposes	**-**	5,908,659

Investment property under development was located in Kuwait.

The fair value of investment property under development has been determined using the market comparable approach, due to a high volume of transactions involving comparable properties in the area. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square metre (sqm).

The fair value of investment properties under development is determined based on valuations performed by independent and accredited valuers with recognised and relevant professional qualification and with recent experience in locations and categories of investment properties being valued. The valuation models applied are consistent with the principles in IFRS 13.

11. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets	*Buildings*	*Building improvements*	*Machinery and equipment*	*Furniture, fixtures and computers*	*Vehicles*	*Capital work in progress*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
Cost:								
At 1 January	7,155,498	1,212,260	225,233	3,313,664	1,600,004	247,422	-	13,754,081
Additions	98,224	71,379	2,850	27,248	26,323	14,860	376,877	617,761
Disposals	(4,077)	-	-	-	-	(56,050)	-	(60,127)
Transfers to discontinued operation (Note 12)	(5,623,184)	(437,622)	-	-	-	-	-	(6,060,806)
Exchange differences	-	-	-	1,185	(19,707)	-	-	(18,522)
At 31 December 2022	1,626,461	846,017	228,083	3,342,097	1,606,620	206,232	376,877	8,232,387
Depreciation and impairment:								
At 1 January 2022	319,056	828,394	195,815	2,233,383	1,469,143	146,637	-	5,192,428
Depreciation charge for the year	133,745	17,880	8,639	155,146	64,927	25,216	-	405,553
Disposals	(226)	-	-	-	-	(40,970)	-	(41,196)
Transfers to discontinued operation (Note 12)	(33,477)	(196,930)	-	-	-	-	-	(230,407)
Exchange differences	-	-	-	1,022	(16,556)	-	-	(15,534)
At 31 December 2022	419,098	649,344	204,454	2,389,551	1,517,514	130,883	-	5,310,844
Net book value:								
At 31 December 2022	**1,207,363**	**196,673**	**23,629**	**952,546**	**89,106**	**75,349**	**376,877**	**2,921,543**

	Right-of-use assets	Buildings	Building improvements	Machinery and equipment	Furniture, fixtures and computers	Vehicles	Capital work in progress	Total
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
Cost:								
At 1 January 2021	7,070,971	2,119,147	225,233	5,169,505	1,967,665	325,436	-	16,877,957
Additions	84,527	34,760	-	21,755	18,861	33,500	-	193,403
Disposals	-	-	-	(69,208)	-	(54,285)	-	(123,493)
Write off	-	(941,647)	-	(1,808,038)	(382,854)	(57,229)	-	(3,189,768)
Exchange differences	-	-	-	(350)	(3,668)	-	-	(4,018)
At 31 December 2021	7,155,498	1,212,260	225,233	3,313,664	1,600,004	247,422	-	13,754,081
Depreciation and impairment:								
At 1 January 2021	204,681	1,658,240	185,154	3,822,204	1,776,757	189,604	-	7,836,640
Impairment	-	46,536	-	132,435	716	-	-	179,687
Depreciation charge for the year	114,375	65,265	10,661	165,211	68,875	37,781	-	462,168
Disposals	-	-	-	(69,203)	-	(23,519)	-	(92,722)
Write off	-	(941,647)	-	(1,816,967)	(373,925)	(57,229)	-	(3,189,768)
Exchange differences	-	-	-	(297)	(3,280)	-	-	(3,577)
At 31 December 2021	319,056	828,394	195,815	2,233,383	1,469,143	146,637	-	5,192,428
Net book value:								
At 31 December 2021	6,836,442	383,866	29,418	1,080,281	130,861	100,785	-	8,561,653

The depreciation included in the consolidated statement of profit or loss is allocated as follows:

	2022 **KD**	2021 KD
Cost of sales (Note 21)	**222,834**	269,959
General and administrative expenses (Note 21)	**182,719**	181,050
	405,553	451,009

12. DISCONTINUED OPERATION

On 21 September 2022, the Group signed a sale and purchase agreement (SPA) to sell its entire equity interest of 51.28% in its subsidiary, Carpets Industries Company K.S.C (Closed) ('CIC'). The sale of subsidiary is expected to be completed within a year from the reporting date. Accordingly, as at 31 December 2022, the subsidiary is classified as a disposal group held for sale and as a discontinued operation.

The results of the CIC for the year are presented below:

	2022 **KD**	2021 KD
Revenue from contracts with customers	**-**	146,652
Other income	**85,365**	62,807
General and sdministrative expenses	**(160,604)**	(212,062)
Impairment of property, plant and equipment	**-**	(179,687)
Finance costs	**(22,149)**	(29,678)
Depreciation	**(11,159)**	(11,159)
Loss for the year from discontinued operations	**(108,547)**	(223,127)
Attributable to:		
Equity holders of the Parent Company	**(35,506)**	(72,986)
Non-controlling interests	**(73,041)**	(150,141)
	(108,547)	(223,127)

The major classes of assets and liabilities of CIC classified as held for sale as at 31 December 2022 are, as follows:

	CIC KD
Assets	
Property, plant and equipment	**5,819,240**
Cash and bank balances	**2,545**
Assets held for sale	**5,821,785**
Liabilities	
Notes payables	**207,497**
Accounts payables and accruals	**237,242**
Employees' end of service benefits	**92,295**
Lease liabilities	**195,017**
Liabilities directly associated with assets held for sale	**732,051**
Net assets directly associated with disposal group	**5,089,734**

The net cash flow activities by the CIC classified as held for sale are, as follows:

	CIC KD
Cash flows from operating activities	**15,411**
Cash flows used in financing activities	**(19,844)**
Net cash outflow	**(4,433)**

13. OTHER LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 KD	2021 KD
Trade payables	**1,803,571**	2,164,526
Amounts due to related parties (Note 26)	**773,795**	345,000
Accrued staff leave	**190,202**	233,807
Provision for employees' end of service benefits	**755,059**	905,910
Accrued expenses	**502,538**	370,063
Provision for transferring Q Holding shares to bank	**-**	2,297,615
Other provisions related to dispute with custodian	**205,482**	404,170
NLST Payable	**23,422**	34,436
KFAS payable	**108,776**	106,811
ZAKAT payable	**88,700**	88,081
Board of directors' remuneration	**-**	80,000
Other payables	**225,578**	441,120
	4,677,123	7,471,539

14. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 KD	2021 KD
As at 1 January	**3,365,650**	3,575,692
Additions	**80,108**	84,528
Finance cost	**208,184**	214,543
Payments	**(553,680)**	(509,113)
Transfers to discontinued operation (Note 12)	**(195,017)**	-
As at 31 December	**2,905,245**	3,365,650
Current portion	**346,164**	321,599
Non-current portion	**2,559,081**	3,044,051
	2,905,245	3,365,650

The weighted average incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position ranges from 4.5% to 6.5%. The maturity analysis of lease liabilities are disclosed in Note 28.

The following are the amounts recognised in profit or loss related to right-of-use assets and lease liabilities:

	2022 KD	2021 KD
Depreciation expense of right-of-use assets	**133,745**	114,375
Finance costs on lease liabilities	**208,184**	214,543
Total amount recognised in profit or loss	**341,929**	328,918

15. EQUITY

a) Share capital

	Number of shares		Authorised, issued and fully paid	
	2022	2021	2022 KD	2021 KD
Shares of 100 fils each (paid in cash)	**283,275,688**	269,786,370	**28,327,569**	26,978,637

The Annual General Assembly meeting of the shareholders held on 07 April 2022 approved 5% bonus shares for the year ended 31 December 2021. This was recorded in the commercial register on 22 May 2022 and the bonus shares increased the number of issued and fully paid up shares by 13,489,318 shares and increase in share capital by KD 1,348,932.

The Board of Directors have proposed no bonus shares issue for the year ended 31 December 2022 (2021: 5%). No cash dividends were declared for the year ended 31 December 2022 (2021: Nil). This proposal is subject to the approval at the Annual General Meeting of the shareholders of the Parent Company.

b) Share premium

This represents the difference between the nominal value of the shares issued and the subscription or issue price. The reserve is not available for distribution except in cases stipulated by the Companies Law..

c) Statutory reserve

In accordance with the Companies' Law, and the Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before tax and Director's remuneration attributable to the equity holders of the Company shall be transferred to the statutory reserve. 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.

d) 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 attributable to the equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the annual general assembly of the Parent Company upon a recommendation by the Board of Directors. There are no restrictions on distribution of the voluntary reserve.

16. TREASURY SHARES

	2022	2021
Number of treasury shares	**887,507**	844,705
Percentage of issued shares (%)	**0.31 %**	0.31%
Cost of treasury shares (KD)	**307,393**	307,393

Reserves equivalent to the cost of the treasury shares held are not available for distribution throughout the holding period of treasury shares.

17. DISAGGREGATION OF REVENUE

Contracts with customers

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

	2022 **KD**	2021 KD
Types of goods or services:		
Sale of goods	**3,393,668**	3,196,764
Rendering of services	**5,000**	13,222
	3,398,668	3,209,986
Timing of revenue recognition:		
Goods and services transferred at a point in time	**3,393,668**	3,196,764
Goods and services transferred over time	**5,000**	13,222
	3,398,668	3,209,986

Fee and commission income

Set out below is the disaggregation of the Group's fees and commission income:

	2022 **KD**	2021 KD
Types of goods or services:		
Types of goods or services:	**207,253**	236,973
	207,253	236,973
Timing of revenue recognition:		
Goods and services transferred at a point in time	**122,680**	193,720
Goods and services transferred over time	**84,573**	43,253
	207,253	236,973

18. NET INVESTMENT INCOME ON FINANCIAL ASSETS

	2022 **KD**	2021 KD
Income from deposits	**105,546**	95,319
Dividend income	**102,403**	195,263
Realised gain on sale of financial assets at FVTPL	**-**	24,416
Unrealised gain on financial assets at FVTPL	**3,296**	11,394
	211,245	326,392

19. NET RENTAL INCOME

	2022 **KD**	2021 KD
Rental income	**1,760,412**	1,622,268
Less: property and maintenance expenses	**(304,445)**	(206,018)
	1,455,967	1,416,250

20. NET (REVERSAL) ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

	2022 KD	2021 KD
ECL reversal on trade receivables (Note 6)	**76,263**	242,130
Write-back (down) of inventories (Note 7)	**30,000**	(30,000)
Reversal of provision for transferring Q Holding shares no longer required (Note 31)	**2,297,615**	-
Reversal of provision related to dispute with custodian	**198,688**	-
Other provisions	**(289,537)**	(7,999)
	2,313,029	204,131

21. PROFIT FOR THE YEAR

Profit for the year is stated after charging:

	2022 KD	2021 KD
Included in cost of sales:		
Materials and spare parts	**1,454,499**	1,367,921
Salaries, wages and other staff costs	**754,256**	620,768
Repairs and maintenance	**34,053**	21,406
Depreciation expense (Note 11)	**222,834**	269,959
Other expenses	**254,072**	181,989
	2,719,714	2,462,043
Included in general and administrative expenses:		
Staff costs	**1,498,450**	1,415,074
Selling and distribution expenses	**122,354**	175,051
Legal and professional fees	**382,618**	409,027
Rent expense for short-term leases	**32,810**	16,982
Depreciation expense (Note 11)	**143,191**	178,467
Other expenses	**333,343**	426,288
	2,512,766	2,620,889

22. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares, less treasury shares outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

Basic and diluted earnings per share:	**2022**	2021
Profit (loss) attributable to ordinary equity holders of the parent:		
Continuing operations	**221,238**	1,508,889
Discontinued operations	**(35,506)**	(72,986)
Profit for the year attributable to the equity holders of the Parent Company (KD)	**185,732**	1,435,903
Weighted average number of outstanding shares	**282,388,181**	282,388,181
Basic and diluted earnings per share (fils)	**0.66**	5.08
Basic and diluted earnings per share (fils) from continued operation	**0.78**	5.34
Basic and diluted loss per share (fils) from discontinued operation	**(0.12)**	(0.26)

Earnings per share for the year ended 2021 was 5.34 fils per share before retroactive adjustment to the number of shares following the bonus issue (see Note 15a).

23. SEGMENTAL INFORMATION

The Group is organized into four major business segments based on the internal reporting provided to the management. The Group does not have material inter-segment transactions. The principal activities and services under these segments are as follows:

Financial : Managing funds of private and public institution, acquiring companies in various sectors, mediation in lending and borrowing operations, acting as bond issuance managers, providing loans as per CBK guidelines, trading in securities including buying and selling of stocks and bonds of local companies and international governmental agencies.

Real estate : Investing in real estate, owning movable and real estate properties that are necessary to practice its activities in accordance to the law.

Industries : Producing various chemical products and marketing them locally and abroad. Owning industrial rights for patents, trade names, designs and leasing the same to other companies for their use inside or outside Kuwait.

Others : Providing and preparing technical consultations, economic, valuation, feasibility studies and preparing necessary studies for establishments and companies.

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

The following table presents information regarding the Group's operating segments:

	Financial KD	Real estate KD	Industries KD	Others KD	Total KD
31 December 2022					
Total revenue	**3,380,191**	**(1,688,620)**	**825,709**	**274,430**	**2,791,710**
Profit (loss) for the year	**543,625**	**(528,271)**	**(78,046)**	**31,187**	**(31,505)**
Total assets	**4,601,723**	**17,686,447**	**13,649,661**	**894,330**	**36,832,161**
Total liabilities	**1,368,227**	**2,959,340**	**3,748,052**	**365,690**	**8,441,309**
Other disclosures:					
Investment in associates and joint venture	**2,519,548**	**-**	**2,053,220**	**-**	**4,572,768**
Share of results of associates and joint venture	**120,919**	**-**	**(24,920)**	**-**	**95,999**
31 December 2021					
Total revenue	3,066,665	195,216	883,305	366,855	4,512,041
Profit (loss) for the year	1,457,710	111,122	(210,758)	(62,075)	1,295,999
Total assets	4,267,440	19,848,497	14,604,345	1,335,143	40,055,425
Total liabilities	4,037,060	3,579,056	2,873,928	737,811	11,227,855
Other disclosures:					
Investment in associates and joint venture	2,238,837	-	2,087,760	-	4,326,597
Share of results of associates and joint venture	911,816	-	(19,232)	-	892,584

The Group's total assets include KD 4,175,268 (2021: KD 3,083,944) as non-current assets located outside Kuwait, which mainly include financial assets at fair value through other comprehensive income, investment in associates, investment properties, intangibles and property and equipment.

24. MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of the subsidiary that has material non-controlling interests is provided below:

Name of subsidiary	**Country of incorporation and operation**	***2022***	*2021*
Safat Industries Holding Company K.S.C. (Closed)	Kuwait	**% 36.21**	% 36.21
Accumulated balances of material non-controlling interests		**4,596,587**	4,648,913
Loss allocated to material non-controlling interests		**(175,785)**	(168,888)

The consolidated financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	2022 KD	2021 KD
Revenue	**505,424**	1,148,264
Expenses	**(777,552)**	(1,396,957)
Total loss and comprehensive income	**(272,128)**	(248,693)
Attributable to non-controlling interests	**(175,785)**	(168,888)

Summarised consolidated statement of financial position:

	2022 KD	2021 KD
Current assets	**8,545,230**	2,135,662
Non-current assets	**2,090,871**	7,553,896
TOTAL ASSETS	**10,636,101**	9,689,558
Current liabilities	**2,339,301**	1,103,163
Non-current liabilities	**67,605**	425,966
TOTAL LIABILITIES	**2,406,906**	1,529,129
TOTAL EQUITY	**8,229,195**	8,160,429
Attributable to:		
Equity holders of the Parent Company	**3,632,608**	3,511,516
Non-controlling interests	**4,596,587**	4,648,913

Summarised cash flow information:

	2022 KD	2021 KD
Cash flows from (used in) operating activities	**348,709**	(803,013)
Cash flows (used in) from investing activities	**(355,336)**	70,658
Cash flows from financing activities	**-**	68,495
Net decrease in cash and cash equivalents	**(6,627)**	(663,860)

25. FIDUCIARY ASSETS

The Group manages investment portfolios on behalf of clients. The total value of these portfolios at 31 December 2022 amounted to KD 49,966,345 (2021: KD 66,561,399) which are not reflected in the consolidated financial statements.

The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

For the year ended 31 December 2022, income earned from fiduciary assets amounted to KD 84,573 (2021: KD 43,253).

26. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, associates, 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 and are subject to the approval of the shareholders at the annual general assembly meeting (AGM).

The following tables show the aggregate value of transactions and outstanding balances with related parties:

	2022 KD	2021 KD
Consolidated statement of financial position:		
Other assets - *Other related parties* (Note 6)	**314,584**	379,160
Financial assets at FVTPL - *Other related parties* (Note 8)	**50,243**	47,048
Financial assets at FVOCI - *Other related parties* (Note 8)	**33,528**	32,285
Other liabilities – *Other related parties* (Note 13)	**773,795**	345,000
Consolidated statement of profit or loss:		
Management fees - *Associate companies*	**2,560**	3,554
Management fees - *Other related parties*	**576**	1,140
Consulting fees - *Other related parties*	**(5,000)**	-
Consolidated statement of comprehensive income:		
Disposal of financial assets at FVOCI - *Associate companies*	**-**	251,114

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 7,129,082 (2021: KD 8,318,545).

Key management personnel

Key management personnel comprise the Board of Directors, Executive Committees and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows:

	2022 KD	2021 KD
Salaries and short-term benefits	**147,202**	146,520
Employees' end of service benefits	**14,712**	12,981
	161,914	159,501

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of bank overdrafts, notes payable and other liabilities. The main purpose of these financial liabilities is to finance the

Group's operations. The Group's principal financial assets include cash and short-term deposits and accounts receivable and other assets that derive directly from its operations. The Group also holds investments in securities.

The Group is exposed to credit risk, liquidity risk and market risk (including foreign currency risk, profit rate risk and equity price risk). The Group's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

27.1 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 receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

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
Bank balances	**998,347**	1,460,136
Term deposits	**871,113**	1,358,871
Accounts receivable and other assets (excluding prepaid expenses and advances)	**2,053,632**	2,131,910
	3,923,092	4,950,917

Balances with banks and 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. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

Impairment on cash and cash equivalents and 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 cash equivalents have low credit risk based on the external credit ratings of the counterparties and CBK guarantee of deposits placed with local banks.

Trade receivables

The Group uses a provision matrix based on the Group's historical observed default rates to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

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

	Trade receivables				
	Days past due				
31 December 2022	***Total***	***< 90 days***	***90–180 days***	***180– 365 days***	***> 365 days***
	KD	**KD**	**KD**	**KD**	**KD**
Expected credit loss rate		**1.11 %**	**3.04 %**	**27.20 %**	**97.10 %**
Estimated total gross carrying amount at default	**8,251,611**	**1,203,163**	**115,207**	**74,113**	**6,859,128**
Expected credit loss	**(6,696,966)**	**(13,365)**	**(3,500)**	**(20,159)**	**(6,659,942)**

	Trade receivables				
	Days past due				
31 December 2021	*Total*	*< 90 days*	*90–180 days*	*180– 365 days*	*> 365 days*
	KD	KD	KD	KD	KD
Expected credit loss rate		0.94 %	3.5 %	27.15 %	100 %
Estimated total gross carrying amount at default	8,238,770	1,130,646	119,002	74,113	6,915,009
Expected credit loss	(6,949,955)	(10,662)	(4,162)	(20,122)	(6,915,009)

Other receivables

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.

27.2 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on an ongoing basis. The Group's credit sales require amounts to be paid within 60 days of the date of invoice and trade payables are normally settled within 60 to 90 days from the date of purchase.

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

	Payable o demand	***Within 3 months***	***3 to 12 months***	***1 to 5 years***	***Total***
	KD	***KD***	***KD***	***KD***	***KD***
31 December 2022					
Bank overdrafts	**-**	**103,746**	**-**	**-**	**103,746**
Notes payable	**-**	**-**	**29,488**	**-**	**29,488**
Accounts payables and accruals	**773,795**	**2,243,809**	**904,459**	**755,058**	**4,677,121**
Lease liabilities	**-**	**126,095**	**474,972**	**3,174,563**	**3,775,630**
	773,795	**2,473,650**	**1,408,919**	**3,929,621**	**8,585,985**

	Payable o demand	*Within 3 months*	*3 to 12 months*	*1 to 5 years*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*
31 December 2021					
Bank overdrafts	-	280,437	-	-	280,437
Notes payable	-	-	129,761	-	129,761
Accounts payables and accruals	345,000	2,778,227	3,442,402	905,910	7,471,539
Lease liabilities	-	121,215	491,411	3,936,163	4,548,789
	345,000	3,179,879	4,063,574	4,842,073	12,430,526

27.3 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 comprises three types of risk: profit rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits and debt and equity investments.

a) Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the KD. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group currently does not use financial derivatives to manage its exposure to currency risk. The Group manages its foreign currency risk based on the limits determined by management and a continuous assessment of the Group's open positions, current and expected exchange rate movements. The Group ensures that its net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the KD.

The following tables set out the Group's exposure to foreign currency exchange rates on financial assets and (liabilities) at the reporting date:

	2022 Equivalent	*2021 Equivalent*
Currency	***KD***	*KD*
US Dollar (USD)	**(191,968)**	39,334
Egyptian pound (EGP)	**1,286,403**	1,888,335

Foreign exchange rate sensitivity

The following table demonstrate the effect of a reasonably possible change in the aforementioned exchange rates, with all other variables held constant. The impact on the Group's profit/loss due to changes in the fair value of monetary assets and liabilities is as follows:

		2022		2021	
	Change in exchange rate	***Effect on profit***	***Effect on equity***	*Effect on profit*	*Effect on equity*
Currency		***KD***	***KD***	*KD*	*KD*
USD	**5%**	**(9,868)**	**270**	1,637	330
EGP	**5%**	**53,444**	**10,876**	77,699	16,718

There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

An equivalent increase/decrease in each of the aforementioned currencies against the KD would have resulted in an equivalent but opposite impact.

b) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Group's exposure to the risk of changes in market profit rates relates primarily to the Group's short-term debt obligations with floating profit rates.

The Group manages its profit rate risk by having a balanced portfolio of fixed and variable rate financial assets and financial liabilities. Further, the Group's policy is to manage its profit cost by availing competitive credit facilities from local financial institutions and constantly monitoring profit rate fluctuations.

Exposure to profit rate risk

The profit rate profile of the Group's profitbearing financial instruments as reported to the management of the Group is as follows.

	2022 **KD**	2021 KD
Variable-rate instruments		
Financial assets	**871,113**	1,358,871
Financial liabilities	**(126,890)**	(390,666)
	744,223	968,205

Profit rate sensitivity

A reasonably possible change of 50 basis points in profit rates at the reporting date would have resulted in a decrease in profit for the year by KD 3,721 (2021: KD 4,841). This analysis assumes that all other variables, remain constant.

c) Equity price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL) (Note 8). The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Senior Management reviews and approves all major equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was KD 64,671 (2021: KD 70,573). Sensitivity analyses of these investments have been provided in Note 30.1.

The Group's listed equity investments are publicly traded and are included either in the Kuwait Stock Exchange ("Boursa Kuwait") or other GCC markets.

Summarised below is the impact of increases/decreases of the respective price indices in the relevant market on the Group's equity and profit for the year. The analysis is based on the assumption that the equity indexes had increased or decreased by 5% respectively, with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the respective market index, the Group determined that for such investments classified at FVOCI, a 5% increase in the respective market index would have increased equity by KD 62,370 (2021: an increase of KD 91,720). For such investments classified as at FVTPL, the impact of a 5% increase in the at the reporting date on profit or loss would have been an increase of KD 2,533 (2021: KD 2,407).

An equal change in the opposite direction would have would have resulted in an equivalent but opposite impact on profit or equity.

28. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

	31 December 2022		
	Within 12 months	After 12 months	Total
	KD	*KD*	*KD*
ASSETS			
Cash and bank balances	**1,026,442**	**-**	**1,026,442**
Term deposits	**5,500**	**865,613**	**871,113**
Accounts receivable and other assets	**2,216,646**	**-**	**2,216,646**
Inventories	**623,702**	**-**	**623,702**
Investment securities	**1,313,597**	**49,136**	**1,362,733**
Investment in associates and joint venture	**-**	**4,572,768**	**4,572,768**
Intangible assets	**-**	**774**	**774**
Investment properties	**-**	**17,414,655**	**17,414,655**
Property, plant and equipment	**-**	**2,921,543**	**2,921,543**
Asset held for sale	**5,821,785**	**-**	**5,821,785**
Total assets	**11,007,672**	**25,824,489**	**36,832,161**
LIABILITIES			
Bank overdrafts	**98,806**	**-**	**98,806**
Notes payable	**28,084**	**-**	**28,084**
Other liabilities	**3,922,065**	**755,058**	**4,677,123**
Lease liabilities	**346,164**	**2,559,081**	**2,905,245**
Liabilities directly associated with the assets held for sale	**732,051**	**-**	**732,051**
Total liabilities	**5,127,170**	**3,314,139**	**8,441,309**
Net	**5,880,502**	**22,510,350**	**28,390,852**

	31 December 2021		
	Within 12 months	*After 12 months*	*Total*
	KD	*KD*	*KD*
ASSETS			
Cash and bank balances	1,487,464	-	1,487,464
Term deposits	11,000	1,347,871	1,358,871
Murabaha receivable	2,059	28,915	30,974
Accounts receivable and other assets	2,304,689	-	2,304,689
Inventories	462,912	-	462,912
Investment securities	62,901	1,890,220	1,953,121
Investment in associates and joint venture	-	4,326,597	4,326,597
Intangible assets	-	2,593	2,593
Investment properties	-	19,566,551	19,566,551
Property, plant and equipment	-	8,561,653	8,561,653
Total assets	4,331,025	35,724,400	40,055,425
LIABILITIES			
Bank overdrafts	267,083	-	267,083
Notes payable	123,583	-	123,583
Other liabilities	6,565,629	905,910	7,471,539
Lease liabilities	321,599	3,044,051	3,365,650
Total liabilities	7,277,894	3,949,961	11,227,855
Net	(2,946,869)	31,774,439	28,827,570

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may review the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade payables, bank overdrafts and notes payable, less cash and short-term deposits. Capital represents total equity attributable to equity holders of the Parent Company.

	2022 KD	2021 KD
Bank overdrafts	**98,806**	267,083
Notes payable	**28,084**	123,583
Trade payables	**1,803,571**	2,164,526
Less: cash and bank balances	**(1,026,442)**	(1,487,464)
Less: term deposits	**(871,113)**	(1,358,871)
Net debt (assets)	**32,906**	(291,143)
Equity attributable to shareholders of the Parent Company	**22,787,418**	23,233,934
Gearing ratio	**0.14 %**	-

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

As of the reporting date, the Group is in compliance with minimum required regulatory capital adequacy ratio for the year ended 31 December 2022 and 31 December 2021 in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

30. FAIR VALUE MEASUREMENT

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

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

For assets and liabilities that are recognised in the financial statements at fair value 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.

The Group's senior management determines the policies and procedures for recurring fair value measurement, such as investment properties and unquoted equity investments.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the senior management Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

The Group measures financial instruments such as investment in equity securities and non-financial assets such as investment properties, at fair value at each reporting date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value, including the valuation methods, significant estimates and assumptions are disclosed below.

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	2022 KD	2021 KD
Financial instruments		
Investment securities (at fair value)		
Quoted equity securities	**1,298,062**	1,882,548
Unquoted equity securities	**64,671**	70,573
	1,362,733	1,953,121
Non-financial assets		
Investment properties	**17,414,655**	19,566,551

Management assessed that the fair value of the following financial assets and liabilities approximate their carrying amounts:

- Cash and bank balances
- Term deposits
- Accounts receivables and other assets
- Bank overdrafts
- Notes payable
- Other liabilities
- Lease liabilities

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

Listed investment in equity securities

Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Unlisted equity investments

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The

Group uses a market-based valuation technique for the majority of these positions. The Group determines and calculates an appropriate trading multiple based on related industry average. The trading multiple is then discounted for considerations such as illiquidity and based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding asset and earnings measure of the investee company to measure the fair value. The Group classifies the fair value of these investments as Level 3.

Investment properties

The fair value of investment properties was assessed by accredited independent real estate experts with recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued. The valuation models applied are consistent with the principles in IFRS 13 'Fair Value Measurement' and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitalisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm'). The fair value of investment properties are classified as either level 2 or level 3.

30.1 Financial instruments

Fair value hierarchy

The following tables provide the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

	Fair value measurement using		
		Quoted prices in active markets	*Significant unobservable inputs*
	Total	*(Level 1)*	*(Level 3)*
31 December 2022	*KD*	*KD*	*KD*
Financial assets at FVTPL:			
Quoted equity securities	**50,663**	**50,663**	**-**
Unquoted equity securities	**15,535**	**-**	**15,535**
	66,198	**50,663**	**15,535**
Financial assets at FVOCI			
Quoted equity securities	**1,247,399**	**1,247,399**	**-**
Unquoted equity securities	**49,136**	**-**	**49,136**
	1,296,535	**1,247,399**	**49,136**
Investment securities (at fair value)	**1,362,733**	**1,298,062**	**64,671**

	Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 3)
31 December 2021	*KD*	*KD*	*KD*
Financial assets at FVTPL:			
Quoted equity securities	48,139	48,139	-
Unquoted equity securities	14,762	-	14,762
	62,901	48,139	14,762
Financial assets at FVOCI			
Quoted equity securities	1,834,409	1,834,409	-
Unquoted equity securities	55,811	-	55,811
	1,890,220	1,834,409	55,811
Investment securities (at fair value)	1,953,121	1,882,548	70,573

During 2022, an equity investment upon delisting was transferred from Level 1 to Level 3. There were no transfers between any levels of the fair value hierarchy during 2021.

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:

31 December 2022	***Financial assets at FVOCI***	***Financial assets at FVTPL***	***Total***
	KD	***KD***	***KD***
As at 1 January 2022	**55,811**	**14,762**	**70,573**
Disposals	**(6,738)**	**-**	**(6,738)**
Remeasurement recognised in OCI	**63**	**-**	**63**
Remeasurement recognised in profit or loss	**-**	**253**	**253**
Transfer *	**-**	**520**	**520**
As at 31 December 2022	**49,136**	**15,535**	**64,671**

31 December 2021	*Financial assets at FVOCI*	*Financial assets at FVTPL*	*Total*
	KD	*KD*	*KD*
As at 1 January 2021	1,705,820	11,512	1,717,332
Disposals	(627,695)	-	(627,695)
Remeasurement recognised in OCI	(1,022,314)	-	(1,022,314)
Remeasurement recognised in profit or loss	-	3,250	3,250
As at 31 December 2022	55,811	14,762	70,573

* During the year, an equity investment was delisted and fair valued based on unobservable inputs. Accordingly it has been transferred to Level 3 of the fair value hierarchy.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December are as shown below:

Significant unobservable valuation inputs	**Range**	**Sensitivity of the input to fair value**
Discount for lack of marketability (DLOM)	**(15% - 40%)**	10% (2021: 10%) increase (decrease) in the discount would decrease (increase) the fair value by KD 6,467 (2021: KD 7,057)

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

30.2 Non-financial assets

The following tables provide the fair value measurement hierarchy of the Group's non-financial assets:

		Fair value measurement using		
	Total	***Quoted prices in active markets (Level 1)***	***Significant observable inputs (Level 2)***	***Significant unobserv-able inputs (Level 3)***
	KD	***KD***	***KD***	***KD***
31 December 2022				
Investment properties	**17,414,655**	**-**	**8,286,411**	**9,128,244**
31 December 2021				
Investment properties	19,566,551	-	8,942,798	10,623,753

There were no transfers between any levels of the fair value hierarchy during 2022 or 2021.

Reconciliation of Level 3 fair values

Reconciliation for recurring fair value measurement of investment properties categorised within Level 3 of the fair value hierarchy is disclosed in Note 10.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy are the yield rate (income capitalisation approach) and price per sqm (market approach).

Sensitivity analysis

Significant increases (decreases) in estimated price per square metre, rental value and rent growth per annum, in isolation would result in a significantly higher (lower) fair value on a linear basis. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

31. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

	2022 **KD**	2021 KD
Letters of guarantee *	**521,855**	476,087
Letter of credit	**9,461**	10,307

* The Group has provided bank guarantees and letters of credit in the ordinary course of business. No material liabilities are expected to arise.

Legal case

a) In 2020, the Court of Cassation ruled in favour of the Parent Company on its disputes with the Qatar National Bank (the 'Bank'). As result of this ruling, the Parent Company initiated legal formalities for transferring 25,295,591 shares of Q Holding PSC ('Q Holding') to the Bank and also claiming other related assets (i.e. its non-mortgaged holding of Q Holding shares amounting to 40,062,158 shares and related dividends receivable) from Evolvance Capital Ltd (the 'Custodian'). However, the Parent Company encountered difficulties in confirming and reclaiming the aforementioned assets from the Custodian. Accordingly. the Parent Company fully provided for its investment in Q Holding shares.

In 2021, the Custodian filed a lawsuit against the Parent Company claiming an amount of AED 71,082,525 (equivalent KD 5,928,424) in lieu of management fees for the years 2007 to 2020. Accordingly, the Parent Company filed a counter claim before the court of law against the Custodian.

On 28th September 2022, the court ruled in favour of the Parent Company as a result of which the Custodian is required to pay a settlement amount of AED 346,797,739 (equivalent KD 28,972,214) along with an interest of 5% from the date of the lawsuit (i.e. 4th March 2021) until the final payment of settlement.

On 26th October 2022, the Parent Company also obtained a court order to precautionarily seize all movable and liquid funds of the Custodian. However, the Custodian filed an appeal against the ruling and the court hearing scheduled on 7th November 2022 was adjourned to 21st November 2022. This was further deferred to 29th March 2023.

As at the reporting date, based on the above developments and the advice of the external legal counsel, the management has decided to reverse the provision of KD 2,297,615 relating to possible claims from the Bank for the transfer of Q Holding shares as these shares are to be recovered by the Bank, directly from the Custodian as directed by the Court, and the Parent Company has no further liability for the transfer of shares to the Bank. Furthermore, the management believes that, considering the developments of the case, the possibility of the claim against them materializing is remote, and they don't expect any additional liability to arise.

Notwithstanding the above, the Parent Company has been advised by its legal counsel that it is only possible, but not probable, that the action against the Parent Company will succeed. Accordingly, the Group has not recognised any provision for any liability in the consolidated financial statements for the year ended 31 December 2022.

b) On 8th April 2021, the Kuwaiti Society for Student Support ("KSSS") filed a lawsuit against the Parent Company for non-payment of rent for the three-month period from April 2020 till June 2020 for an amount of KD 90,000. The Parent Company had requested for a discount on rent payments for the three-month period in line with the government regulations for providing rent concessions during the period as a result of the Global Pandemic. However, KSSS and Parent Company could not reach an agreement, resulting in a lawsuit filed against the Parent Company.

On 23rd January 2023, the first hearing took place in the Court of Cassation. The Court ruled in favour of KSSS and requested the Parent Company to pay the settlement amount of KD 90,000 and evacuate the premises.

Notwithstanding the above, based on the advice of legal counsel, the Parent Company has filed a counter appeal against the preliminary ruling requesting the case to be waived as both parties agreed an outside of Court settlement, according to which the Parent Company settled the full amount of KD 90,000 to KSSS. Accordingly, the Group has not recognised any provision for any liability in the consolidated financial statements for the year ended 31 December 2022.