The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.
And its Subsidiaries
State of Kuwait

Consolidated Financial Statements and Independent Auditor's Report
For the year ended 31 December 2022

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For the year ended 31 December 2022

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The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Kuwait Company for Process Plant Construction and Contracting K.S.C.P. ("the Parent Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group recognized revenue from construction projects of KD 17.3 million during the year (2021: KD 18.4 million). The construction industry is characterized by contract risk with significant judgements involved in the assessment of both current and future contract financial performance. In reference to the accounting policy in note 2.3.12 to these consolidated financial statements, revenue from civil construction and service contracts is recognized using the percentage of completion method which is an input method. The stage of completion is measured based on the total costs incurred as a proportion of the estimated total costs to be performed. This requires significant judgement from management in determining the assessment of the work performed, valuation of contract variations and claims; the completeness and accuracy of forecast costs to complete; and the ability to deliver contracts within forecast timescales. Actual results of contracts may significantly differ from estimates. Dependent on the level of judgement in each, the range on each contract can be individually material. In addition, changes in these judgements, and the related estimates, as contracts progress can result in material adjustments to revenue and profit margins. Accordingly, we considered this as a key audit matter.	Our audit procedures included the following: • Assessment of the design and implementation of internal controls over the determination of the contract percentage of completion including the completeness and accuracy of the forecast cost to complete and tested the controls to determine if they were operating effectively. • Selecting a sample of contracts in order to challenge both current and future financial performance. • Assessment of the cost to complete forecasts methods. • Assessment of the Group's ability to deliver contracts within budgeted cost and timescales and any exposures to liquidated damages for late delivery of contract work by inspecting performance reports, legal reports, and correspondence with customers. • Testing the existence and valuation of claims and variations costs by inspecting correspondence with customers. • Assessment of management's estimates to determine any indication of future losses. • Assessment of management's estimates to determine warranty costs. • Assessment of the Group's disclosure relating to revenue in the consolidated financial statements against the requirements of IFRSs.

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The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Report on the Audit of Consolidated Financial Statements (Continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Hyperinflation adjustments A subsidiary and associates operate in the Republic of Lebanon ("Lebanon"), which has been assessed, during the last year, as a hyperinflationary economy in accordance with International Accounting Standard 29 Financial Reporting in Hyperinflationary Economies ("IAS 29"). The basic principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the reporting date. Comparative figures for prior periods should be restated into the same current measuring unit. The Group performed the hyperinflation calculations which included utilizing the consumer price indices used as a basis for hyperinflation. The restated financial results of the Group's Lebanese operations are translated to the Group's reporting currency which is Kuwaiti Dinar, using publicly available price mechanism rates. The accounting policy and disclosures relating to this matter are presented in notes 22 and 2.3.15 respectively to the consolidated financial statements. The application of the requirements of IFRSs relative to hyperinflation required significant auditor attention. Given the significance of the quantitative impact, the complexities associated with hyperinflationary accounting and the extent of audit effort required, the application of hyperinflation accounting for the Group's operations located in the Republic of Lebanon and the related sensitivity disclosures were deemed to be a Key Audit Matter.	Our audit procedures included the following: • We obtained an understanding of the process implemented by the Group to determine the hyperinflation adjustments and disclosures. • We assessed the internal controls over the process implemented by the Group to determine the hyperinflation adjustments and disclosures to determine if they had been appropriately designed and implemented. • We assessed the inputs into the hyperinflation calculations with specific emphasis on the consumer price indices used; • We reperformed the mathematical accuracy of the hyperinflation adjustments and the determination of the net monetary gain or loss; • We determined if the exchange rates used to translate the hyper inflated statements of financial position, profit or loss and other comprehensive income and cash flows were in agreement with publicly available price mechanism rates and are in accordance with the requirements of IFRSs; and • We assessed the disclosure in the consolidated financial statements relating to this area against the requirements of IFRSs.
Impairment of hotel As at 31 December 2022, property plant and equipment includes a hotel recorded in the hyperinflationary subsidiary located in Lebanon with a carrying amount of KD 3.5 million. The hotel is incurring losses, which is an indicator of impairment. Management employed an independent valuer to determine the recoverable value of the hotel based fair value less costs to sell and concluded that the carrying amount of the hotel exceeds it recoverable amount. Consequently, an impairment loss of KD 557 thousand was recognized in the consolidated statement of income. Refer to note 5 of the consolidated financial statements for further details. Determining the recoverable amount requires management to make significant estimates and apply significant judgements. Consequently, we identified this matter as a key audit matter.	Our audit procedures included the following: • Evaluating the design and implementation of relevant controls over the impairment process. • Testing management's assessments of indicators relating to the hotel's impairment, taking into account current business conditions and other internal and external factors, including the financial performance of the hotel; • Assessing the skills, competence, qualifications and objectivity of the independent valuer; • Together with our internal valuation specialists, we assessed the Group's valuation methodology, assumption and inputs applied in determining the recoverable amount, to determine if it was in compliance with the requirements of IFRSs; • Reperforming the mathematical accuracy of the valuation and agreeing the results of the valuation to the amount included in the consolidated financial statements; Assessing the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Report on the Audit of Consolidated Financial Statements (Continued)

Other Information

Management is responsible for the other information. Other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during 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, and for such internal control as management determines is necessary to enable the preparation of the 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 to 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 to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Report on the Audit of Consolidated Financial Statements (Continued)

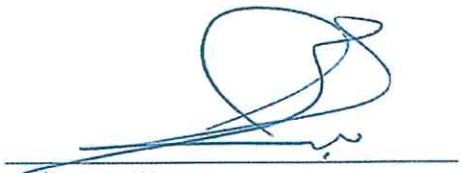
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts 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 Companies Law No. 1 of 2016, and its executive regulations, as amended; and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended; that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016, and its executive regulations, as amended; or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2022 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010, as amended, 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-Wazzan
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Kuwait, 14 March 2023

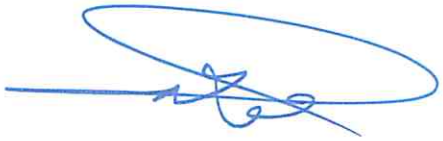
The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.
And its Subsidiaries
State of Kuwait

Consolidated Statement of Financial Position as of 31 December 2022

(All amounts are in Kuwaiti Dinar)

	Note	2022	2021
Assets			
Non current assets			
Property, plant and equipment	5	7,663,207	6,950,619
Investment properties	6	6,984,821	6,757,770
Investment in associates	7	1,768,204	1,253,327
Other assets		1,648	1,384
		16,417,880	14,963,100
Current assets			
Inventories	8	2,607,915	2,766,990
Trade receivables and other debit balances	9	19,405,041	15,722,823
Contracts assets	10	3,780,928	1,069,585
Cash and cash equivalents	11	9,237,368	17,672,214
		35,031,252	37,231,612
Total assets		51,449,132	52,194,712
Equity and liabilities			
Equity			
Share capital	12	12,162,908	11,583,722
Treasury shares	12	(382,353)	(382,353)
Statutory reserve	12	5,736,897	5,453,742
Voluntary reserve	12	5,706,345	5,423,190
Other reserves	13	2,867,620	900,513
Retained earnings		5,478,715	6,871,656
Total equity		31,570,132	29,850,470
Liabilities			
Non current liabilities			
Post employment benefits		2,698,467	2,434,681
Lease contracts liabilities	14	246,364	273,316
		2,944,831	2,707,997
Current liabilities			
Borrowings and bank facilities		-	39,635
Trade payables and other credit balances	14	14,805,262	16,374,227
Contracts liabilities	10	2,128,907	3,222,383
		16,934,169	19,636,245
Total liabilities		19,879,000	22,344,242
Total equity and liabilities		51,449,132	52,194,712

The accompanying notes form an integral part of these consolidated financial statements.



Moayed Hamad Al Saleh
Vice Chairman & CEO

Consolidated Statement of Income for the year ended 31 December 2022

(All amounts are in Kuwaiti Dinar)

	Note	2022	2021
Revenue	15	25,942,041	28,614,561
Cost of sales	16	(22,267,228)	(25,002,020)
Gross profit		3,674,813	3,612,541
Net other operating income	17	162,694	139,199
Reversal of provisions and impairment	18	666,696	2,840,717
Group's share of associate results		(45,671)	(199,173)
Gross loss from hotel		(59,169)	(141,523)
General and administrative expenses	19	(1,922,780)	(1,924,706)
Net gain from Investment properties	20	355,161	161,552
Net Monetary loss from hyperinflation	22	-	(9,022)
Finance cost		(198)	(2,505)
Profit before deductions and Board of Directors' remuneration		2,831,546	4,477,080
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(25,484)	(40,230)
Contribution to National Labour Support Tax (NLST)		(47,429)	(33,890)
Contribution to Zakat		(18,972)	(13,530)
Board of Directors' remuneration		(48,000)	(66,000)
Net profit for the year		2,691,661	4,323,430
Earnings per share (fils)	21	22.68	36.50

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2022

(All amounts are in Kuwaiti Dinar)

	2022	2021
Net profit for the year	2,691,661	4,323,430
Other comprehensive income items:		
Items that may be reclassified subsequently to consolidated statement of income:		
Exchange differences on translating foreign operations including the effect of hyperinflation	1,967,107	(287,943)
Total other comprehensive income /(loss) items	1,967,107	(287,943)
Total comprehensive income for the year	4,658,768	4,035,487

The accompanying notes form an integral part of these consolidated financial statements.

The Kuwait Company for Process Plant Construction and Contracting K.S.C.P.
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Consolidated Statement of Changes in Equity for the year ended 31 December 2022

(All amounts are in Kuwaiti Dinar)

	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Retained earnings	Total
Balance as at 1 January 2021	11,032,116	(536,584)	5,006,034	4,975,482	762,217	9,271,648	30,510,913
Bonus shares	551,606	-	-	-	-	(551,606)	-
Cash dividends	-	-	-	-	-	(4,829,826)	(4,829,826)
Net profit for the year	-	-	-	-	-	4,323,430	4,323,430
Total other comprehensive loss items	-	-	-	-	(287,943)	-	(287,943)
Impact of initial application of IAS 29	-	-	-	-	-	(446,574)	(446,574)
Sale of treasury shares	-	154,231	-	-	426,239	-	580,470
Transfer to reserves	-	-	447,708	447,708	-	(895,416)	-
Balance as at 31 December 2021	11,583,722	(382,353)	5,453,742	5,423,190	900,513	6,871,656	29,850,470
Balance as at 1 January 2022	11,583,722	(382,353)	5,453,742	5,423,190	900,513	6,871,656	29,850,470
Bonus shares (Note 23)	579,186	-	-	-	-	(579,186)	-
Cash dividends (Note 23)	-	-	-	-	-	(2,939,106)	(2,939,106)
Net profit for the year	-	-	-	-	-	2,691,661	2,691,661
Total other comprehensive income items	-	-	-	-	1,967,107	-	1,967,107
Transfer to reserves	-	-	283,155	283,155	-	(566,310)	-
Balance as at 31 December 2022	12,162,908	(382,353)	5,736,897	5,706,345	2,867,620	5,478,715	31,570,132

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2022

(All amounts are in Kuwaiti Dinar)

	Note	2022	2021
Cash flows from operating activities			
Net profit for the year		2,691,661	4,323,430
Adjustments:			
(Gain)/ loss from change in fair value of investments properties		(115,920)	41,111
Group's share of results from associate		45,671	199,173
Provisions and impairment		(666,696)	(2,840,717)
Depreciation and amortization		1,397,924	1,032,023
(Gain)/ loss on disposal of fixed assets		296	6,110
Finance cost		198	2,505
Post-employment benefits		405,801	288,212
Net Monetary loss from hyperinflation		-	9,022
Operating profit before changing in working capital		3,758,935	3,060,869
Trade receivables and other debit balances		(3,718,089)	2,792,532
Inventories		159,075	(165,452)
Contracts assets		(2,714,236)	(633,275)
Trade payables and other credit balances		(416,974)	(2,120,942)
Contracts liabilities		(1,093,476)	(1,983,690)
Post-employment benefits – paid		(142,015)	(459,824)
Net cash (used in)/ generated from operating activities		(4,166,780)	490,218
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(1,266,728)	(314,959)
Purchase of investments properties		(3,997)	-
Proceeds from sale of property, plant and equipment		3,072	5,135
Net cash used in investing activities		(1,267,653)	(309,824)
Cash flows from financing activities			
Net movement of borrowings and bank facilities		(39,635)	(165,621)
Lease contracts liabilities paid		(126,469)	(168,297)
Proceeds from sales of treasury shares		-	580,470
Dividends paid		(2,929,706)	(4,827,119)
Payment of finance cost		(4,335)	(21,957)
Net cash used in financing activities		(3,100,145)	(4,602,524)
Net changes in cash and cash equivalents		(8,534,578)	(4,422,130)
Effects of foreign currency translation and generated from hyperinflation adjustment		99,732	231,353
Cash and cash equivalents at the beginning of the year		17,672,214	21,862,991
Cash and cash equivalents at the end of the year	11	9,237,368	17,672,214

The accompanying notes form an integral part of these consolidated financial statements.

1. Constitution and activities

The Kuwait Company for Process Plant Construction and Contracting K.S.C.P, Kuwait (the "Parent Company") is a Kuwaiti shareholding company incorporated in the State of Kuwait on 24 February 1979. The Parent Company listed in Kuwait Stock Market.

The Parents' registered office is at P.O. Box 3404 Safat, 13035 Kuwait.

The main objectives of the Parent Company are:

- Execute civil, mechanical and electrical works.
- Import the required materials and equipment to such projects.
- Assume tasks of project management and the relevant consulting works in the field of civil, mechanical and electrical contracting.
- Execute civil, mechanical and electrical maintenance
- Import and sale of construction materials
- Direct participation in constructing the infrastructure of the projects, residential, commercial, and industrial projects through (B.O.T) system relevant to the Company's objectives
- Own properties and lands necessary to carry out its business
- Manufacture and sale of asphalt and readymade concrete and its related contracting.
- Utilize financial surpluses available to the company through investment in portfolios and funds managed by competent companies and authorities.
- Importing chemicals for the company's operating activities
- Waste treatment including construction waste for the company's operating activities.

The Parent Company may carry out the above business in the state of Kuwait or outside by itself or through agency. Also, the Parent Company may have an interest or be involved in any way with the entities that are engaged in similar activities or that may assist the Parent Company in achieving its objectives in Kuwait and abroad. The Parent Company may also buy these entities or merge with them.

These consolidated financial statements include the financial statements of the Parent Company and its subsidiaries detailed in Note 26 (together "the Group").

These consolidated financial statements were approved for issue by the Board of Directors on 14 March 2023, and are subject to approval of shareholders at the Annual General Assembly Meeting. The General Assembly of the shareholders have the authority to amend these consolidated financial statements after issuance.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. These consolidated financial statements have been prepared on the historical cost basis adjusted for measurement the effects of inflation where entities operate in hyperinflationary economics and modified by the revaluation of investment properties that remeasured at fair value as stated in the below mentioned accounting policies. These consolidated financial statements have been presented in Kuwaiti Dinars.

The Republic of Lebanon economy became hyperinflationary by the end of 2020. The Group's management concluded that impact of application of IAS 29 was not material as at 31 December 2020, accordingly, it was not accounted for as at that date. Starting from 2021, the Group has applied IAS 29 and results, cashflows and financial position of the Group's subsidiary & associates in Republic of Lebanon have been expressed in terms of the measuring unit current at the reporting date. The methods used to measure the fair value and adjustments made to the account of Group's entities that operate in the hyperinflationary economics are discussed further in the accounting policies and in the respective notes.

The Group's accounting policies has been applied based on a similar basis to all year presented, except as indicated in note 2.2.1 on the application of new and revised IFRSs and the application of IAS 29.

2.2 Application of new and revised International Financial Reporting Standards (IFRS)

2.2.1 Effective for the current year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the following new and amended IASB Standards during the year:

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 April 2021
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3, 'Business combinations' update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'- Cost of Fulfilling a Contract The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.	Annual periods beginning on or after 1 January 2022.

2.2.2 Standards issued but not yet effective

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

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. Note that the IASB has issued a new exposure draft proposing changes to this amendment. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.	Deferred until accounting periods starting not earlier than 1 January 2024
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies	The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	Annual periods beginning on or after 1 January 2023
Narrow scope amendments to IAS 1, IFRS Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.

The management do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

2.3 Significant Accounting Policies

Following is the significant accounting policies adopted by the Group:

2.3.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Parent Company and its subsidiaries. Control is achieved when the Parent Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

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

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Company gains control until the date when Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in consolidated statement of income as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated statement of income where such treatment would be appropriate if that interest were disposed off.

Goodwill

Goodwill, arising on an acquisition of a subsidiary, is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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.

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 unanimous consent of the parties sharing control.

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

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted in order to recognise the changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the investment's carrying amount and is neither amortised nor individually tested for impairment. The consolidated statement of income 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 or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of results of an associate and a joint venture is shown on top of the consolidated statement of income off the operating profit and also represents the profit or loss after deducting tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

2.3.2 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through consolidated statement of income) are added to or deducted from the fair value of the financial assets or financial liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through statement of income are recognised immediately in statement of income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to classifying in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in statement of income.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Impairment of financial assets

The Company applied the simplified approach and measure the loss allowance for receivable at an amount equal to lifetime ECL. The expected credit losses on receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company writes off receivable when there is information indicating that the debtor is in serve financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivable are over two years past due.

The Company applies the general approach to providing for expected credit losses prescribed by IFRS 9, for financial instruments in Cash and bank balances. The Company uses external rating agency credit grades for assessing credit risk on these financial assets and these published grades are continuously monitored and updated.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not classified under the following items, are subsequently measured at amortized cost using the effective interest method: 1) contingent consideration of an acquirer in a business combination, 2) held-for trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in statement of income for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognized in statement of income.

2.3.3 Cash and cash equivalents

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

2.3.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials cost is determined on a weighted average cost basis. The cost of finished goods includes direct materials, direct labour and fixed and variable manufacturing overhead, and other costs incurred in bringing inventories to their present location and condition. Net realizable value is the estimated selling prices less all the estimated costs of completion and costs necessary to make the sale.

2.3.5 Investment property

Land and buildings held for the purpose of capital appreciation or for long term rental yields and not occupied by the Group is classified as investment properties. Investment property is carried at fair value, representing the open market value determined periodically by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of its specific assets. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Changes in fair value are included in the consolidated statement of income.

Fair values of investment properties are determined by appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

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

2.3.6 Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and accumulated impairment loss. Historical cost of an item of property and equipment comprises its acquisition cost and all directly attributable costs of bringing the asset to working condition for its intended use.

Capital work in progress is carried at cost less impairment losses, if any and transferred to the related asset category when ready for its intended use.

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

Depreciation is provided on a straight line basis over the estimated useful lives as follows:

Buildings	10-50 years
Equipment, Heavy Equipment and Vehicles	2-10 years
Furniture and fixtures	2-5 years

The carrying amount of property, plant and equipment is reviewed at each statement of financial position date to determine whether there is any indication of impairment in its carrying value. If any such indication exists, an impairment loss is recognized in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income.

2.3.7 Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed and adjusted for impairment whenever there is an indication that an intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment and adjusted for the same, if any.

2.3.8 Post employment benefits

The Group is liable under various labour laws including the Kuwait Labour Law and Labour Laws of the countries in which the Group' subsidiaries operates, to make payments under defined benefit plans payable to employees at cessation of employment.

This liability, which is unfunded, has been computed as the amount payable as a result of involuntary termination on the statement of financial position date. This computation is used as a reliable approximation of the present value of this obligation to recognize this liability and the related cost as an expense of the year.

2.3.9 Provisions for liabilities

Provisions including provision for warranty costs are recognised, when as a result of past events it is probable that an outflow of economic resources will be required to settle a present legal or constructive obligation and the amount can be reliably estimated.

2.3.10 Treasury shares

Treasury shares consist of the Parent's own issued shares that have been reacquired by the Parent and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity. When the treasury shares are reissued, gains are credited to the "treasury shares reserve", which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to the reserves. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.3.11 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.3.12 Revenue recognition

The Group executes construction projects for the benefit of third parties. Such contracts are entered into before executing these projects. Under the terms of these contracts, the Group has the right to receive the payments for any executed works. Therefore, revenues from these contracts shall be recognized throughout the project duration which is an input method. The stage of completion is measured based on the total costs incurred as a proportion of the estimated total costs to be performed. The management believes that this method is appropriate to measure of the progress towards complete satisfaction of all performance obligations under financial reporting requirements of IFRS 15.

Revenue from installation contracts is recognised over time of the contract.

Revenue from sale of goods is recognised on point of time.

Interest income is recognised on effective yield basis.

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

2.3.13 Accounting for leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short term leases and low-value assets are recognized on a straight-line basis as an expense in consolidated statement of income.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent Measurement

According to usage nature of the leased asset, the Group classifies the asset within a group of related assets. If the asset meets the definition of real estate investment "IAS 40", the Group measures the asset based on the accounting policy adopted in measuring real estate investments owned by the Group. However, if the asset meets the definition of property, plant and equipment, the Group measures the asset as per the accounting policy adopted in measuring the property, plant and equipment.

Generally, after the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the consolidated statement of income. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Where the Group is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

2.3.14 Foreign currency transactions

The functional currency of the Parent is the Kuwaiti Dinar. The consolidated financial statements are presented in Kuwaiti Dinars, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into Kuwaiti Dinars at the rates prevailing on the transaction date. Monetary assets and liabilities are translated into Kuwaiti Dinars at the rate of exchange ruling at the consolidated statement of financial position date. Resultant gains/ losses are taken to consolidated statement of income. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in the consolidated statement of comprehensive income.

The assets and liabilities of the foreign subsidiaries and foreign operations are translated into Kuwaiti Dinars at the closing rate on the date of the consolidated statement of financial position and income and expenses are translated at average exchange rates. The resultant exchange differences are recognized in the consolidated statement of comprehensive income and foreign currency translation reserve under equity.

Hyperinflationary economy

The financial statements of subsidiary and associates companies whose functional currency is the currency of a hyperinflationary economy are adjusted for the effect of inflation in accordance with the procedures described in Note 22 prior to their translation to Kuwaiti Dinars. Subsequently restated, all items of the financial statements are translated into Kuwaiti Dinars using the closing exchange rate identified using the publicly available price mechanism. Amounts shown for prior years are not restated at consolidation level as the presentation currency of the Group is not of a hyperinflationary economy. On consolidation, the effect of price changes in the prior periods on the financial statements of the subsidiary has been recognised directly in other comprehensive income.

2.3.15 Financial reporting in hyperinflationary economies

The financial statements of Group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

In the first period of application, the adjustments determined at the beginning of the period are recognized directly in equity as an adjustment to opening retained earnings. In subsequent periods, the prior period adjustments related to components of owners' equity and differences arising on translation of comparative amounts are accounted for in other comprehensive income.

Items in the statement of financial position not already expressed in terms of the measuring unit current at the reporting period, such as non-monetary items carried at cost or cost less depreciation, are restated by applying a general price index. The restated cost, or cost less depreciation, of each item is determined by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognized in the consolidated statement of income if the restated amount of a nonmonetary item exceeds its estimated recoverable amount.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. Restated retained earnings are derived from all other amounts in the restated statement of financial position. At the end of the first period and in subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items recognized in the consolidated statement of income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position are recognized in the consolidated statement of income.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

2.3.16 Segment reporting

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

3. Financial instruments

3.1 Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as credit risk, market risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by a steering committee comprising of senior management and headed by the chairman. The committee identifies and evaluates financial risks in close co-operation with the Group's operating units and provides principles for overall risk management, as well as covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The significant risks that the Group is exposed to are discussed below:

(a) Market risk

Market risk, comprising of foreign exchange risk, interest rate risk and equity price risk arises due to movements in foreign currency rates, interest rates and market prices of assets.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has operations outside Kuwait and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UAE Dirhams. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of the Parent Company and its subsidiaries. The Group's management monitors and measures currency exposures on recognized monetary assets and liabilities on a daily basis and manages this risk by setting limits on exposures to each currency and also to the extent possible by matching monetary assets and liabilities with similar currency exposures. The Group is not exposed to significant foreign exchange risk as financial assets and liabilities denominated in foreign currencies as at 31 December 2022 and 2021 are immaterial.

(ii) Interest rate risk

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

The Group's interest rate risk arises from deposits and bank borrowings.

At 31 December 2022, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, profit for the year would have been lower/higher by KD 25,553 (KD 51,081 - 2021).

The Group's overall interest rate risks are monitored and interest rate sensitivity is measured on a daily basis by the risk management team.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of bank deposits and trade receivables and contract assets. The Group manages this risk by dealing with government bodies, customers and financial institutions with high credit rating and obtaining guarantee whenever possible.

The table below detail the credit rating of the financial assets and contract assets and the maximum exposure to the credit risk:

		31 December 2021					
	Note	Credit rating		Method used	Gross amount	ECL	NBV
		Internal	External				
Cash and cash equivalents	11	performing	Aa3 /Baa3	12-month ECL	17,629,054	(4,543)	17,624,511
Contract assets	10	(i)	N/A	Lifetime ECL	1,069,585	-	1,069,585
Trade receivables	9	(ii)	N/A	Lifetime	23,509,111	(9,744,986)	13,764,125

		31 December 2022					
	Note	Credit rating		Method used	Gross amount	ECL	NBV
		Internal	External				
Cash and cash equivalents	11	performing	Aa3 /Baa3	12-month ECL	9,194,687	(4,543)	9,190,144
Contract assets	10	(i)	N/A	Lifetime ECL	3,780,928	-	3,780,928
Trade receivables	9	(ii)	N/A	Lifetime ECL	25,932,586	(9,780,856)	16,151,730

(i) Although contract assets are subject to impairment testing in accordance with IFRS 9, the impact of expected credit losses is immaterial.

(ii) The Group has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL for trade receivable and contract assets. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The following table shows the calculation of credit losses:

Aging brackets of post-paid trade receivables	31 December 2021 gross carrying amount at default	Expected credit loss rate	Lifetime ECL
Less than 30 days	10,003,413	2.37%	236,691
31 – 60 days	390,367	6.72%	26,226
61 – 90 days	721,806	5.43%	39,164
91 – 120 days	353,935	8.13%	28,768
121 – 150 days	256,970	7.45%	19,148
151 – 180 days	231,458	22.35%	51,721
181 – 210 days	629,608	17.69%	111,391
211 – 240 days	93,833	36.20%	33,967
240 days and above	10,827,721	84.95%	9,197,910
	23,509,111		9,744,986

Aging brackets of post-paid trade receivables	31 December 2022 gross carrying amount at default	Expected credit loss rate	Lifetime ECL
Less than 30 days	10,181,928	2.24%	228,156
31 – 60 days	826,331	1.32%	10,940
61 – 90 days	748,967	1.10%	8,258
91 – 120 days	1,455,646	5.02%	73,029
121 – 150 days	136,309	16.15%	22,008
151 – 180 days	76,801	13.37%	10,271
181 – 210 days	122,367	18.53%	22,679
211 – 240 days	28,573	25.34%	7,241
240 days and above	12,355,664	76.06%	9,398,274
	25,932,586		9,780,856

Movement of provision for expected credit loss of trade and other receivables are as follows:

	2022	2021
Balance as at 1 January	9,744,986	8,912,398
Expected credit loss provided during the year	19,925	1,160,346
Reversal of expected credit loss during the year	(9,002)	(322,101)
Foreign exchange translation	24,947	(5,657)
Balance as at 31 December	9,780,856	9,744,986

(c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. Liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values, as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Total
At 31 December 2022			
Trade payables and other credit balances	14,805,262	-	14,805,262
Lease liabilities	191,671	392,430	584,101
At 31 December 2021			
Borrowings and bank facilities	39,635	-	39,635
Trade payables and other credit balances	16,374,227	-	16,374,227
Lease liabilities	123,398	282,882	406,280

3.2 Capital risk management

The Group manages its capital to ensure that` entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising share capital, reserves, retained earnings and treasury shares).

3.3 Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one:Quoted prices in active markets for identical assets or liabilities.
- Level two:Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The fair values of other financial assets and financial liabilities approximately equal its book value as at the consolidated financial statements date.

4. Critical accounting judgments and estimates

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

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

Judgements

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

Classification of real estate investments

Management decides on acquisition of real estate whether it should be classified as held for trading or investment property.

The Group classifies property as held for trading if this is acquired principally for sale in the ordinary course of the business.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation.

Sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the consolidated financial statements date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation techniques
Certain assets and liabilities of the Group are measured at fair value for the purposes of preparing the consolidated financial statements. The Group's management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate, in case no observable market data is available the Group uses an external valuer qualified to do the valuation. Information regarding the required valuation techniques and inputs used to determine the fair value of financial assets and liabilities is disclosed in note (3.3 and 6).

Impairment of non-financial assets

The Group reviews its non-financial assets periodically to assess whether a provision for impairment should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty. Note 5 sets out the impact thereof on the consolidated financial statements.

Impairment of financial assets
The Group assesses whether the credit risk associated with financial assets and other items has increased substantially since the initial recognition in order to determine whether the expected credit loss for the 12 month period or expected credit loss over the lifetime of the financial instrument should be recognized (Note 3.1)

Impairment of associates
Impairment testing of the associate is carried out when there is an indication of such impairment. Impairment is assessed for the entire carrying value of the Group's investment in the associate including goodwill, therefore no impairment study for goodwill is required independently.

Revenue recognition
Construction contract revenue is measured over the life of the project according to the percentage of completion method. The Group's management are required to exercise judgement in their assessment of the work performed, variation order; the completeness and accuracy of forecast costs to complete. The actual results of contracts can vary substantially. These estimates often need to be adjusted based on future events and when the results of items that were judged uncertain.

Warranty and commissioning provisions
The Group's management estimates the related provision for warranty and commissioning based on historical warranty claim and commissioning cost information, as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated warranty claim and commissioning cost include the success of Group's productivity and quality initiatives, as well as spare parts and labour costs (Note 14).

Hyperinflation
The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries or associates is the currency of a hyperinflationary economy.
Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- Prices are quoted in a relatively stable foreign currency;
- Sales or purchase prices take expected losses of purchasing power during short credit period into account;
- Interest rates, wages and prices are linked to a price index; and
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the financial statements of a Group entity becomes necessary. Following management's assessment, the Group's subsidiary & associates in Republic of Lebanon have been accounted for as an entity operating in hyperinflationary economy. The results, cash flows and financial positions of its subsidiary and associate have been expressed in terms of the measuring units current at the reporting date.

5. Property, plant and equipment

	Lands & buildings	Vehicles	Equipment & Heavy Equipment	Furniture & fixtures	Total
Cost					
As at 1 January 2021	11,983,819	6,231,011	11,984,133	1,721,017	31,919,980
Additions	378,142	182,019	92,882	40,058	693,101
Disposals	(172,026)	(185,428)	(228,151)	(45,867)	(631,472)
As at 31 December 2021	12,189,935	6,227,602	11,848,864	1,715,208	31,981,609
Additions	433,247	443,809	421,144	146,178	1,444,378
Disposals	(191,579)	(166,031)	(370,283)	(99,764)	(827,657)
As at 31 December 2022	12,431,603	6,505,380	11,899,725	1,761,622	32,598,330
Depreciation					
As at 1 January 2020	5,125,723	5,670,685	10,941,554	1,381,521	23,119,483
Charge for the year	304,342	297,932	328,354	92,905	1,023,533
Disposals	(166,325)	(180,211)	(228,035)	(45,656)	(620,227)
Impairment	356,038	-	-	-	356,038
As at 31 December 2021	5,619,778	5,788,406	11,041,873	1,428,770	23,878,827
Charge for the year	409,099	433,289	428,770	125,385	1,396,543
Disposals	(188,521)	(166,005)	(370,174)	(99,589)	(824,289)
Impairment	556,520	-	-	-	556,520
As at 31 December 2022	6,396,876	6,055,690	11,100,469	1,454,566	25,007,601
Net book value (Before adjustments generated from Hyperinflation)					
As at 31 December 2021	6,570,157	439,196	806,991	286,438	8,102,782
As at 31 December 2022	6,034,727	449,690	799,256	307,056	7,590,729
Hyperinflation adjustments (Note 22)					
Change in carrying value	3,551,950	-	431,545	97,329	4,080,824
Depreciation adjustments	(700,800)	-	(409,901)	(40,667)	(1,151,368)
Foreign currency translation adjustments	(3,917,453)	(30)	(45,919)	(118,217)	(4,081,619)
Effect as at 31 December 2021	(1,066,303)	(30)	(24,275)	(61,555)	(1,152,163)
Change in carrying value	2,900,967	-	350,931	76,441	3,328,339
Depreciation adjustments	(619,551)	-	(332,203)	(32,159)	(983,913)
Foreign currency translation adjustments	(1,076,820)	175	(17,152)	(25,988)	(1,119,785)
Effect as at 31 December 2022	138,293	145	(22,699)	(43,261)	72,478
Adjusted net carrying amount as at 31 December 2021	5,503,854	439,166	782,716	224,883	6,950,619
Adjusted net carrying amount as at 31 December 2022	6,173,020	449,835	776,557	263,795	7,663,207

Lands and buildings include leasehold lands leased from the Government of Kuwait of KD 1,201,061 and right of use leased lands of KD 445,047 as at 31 December 2022 (lands KD 1,241,061 and right of use leased lands of KD 380,706 – 2021), on which buildings are constructed with a carrying value of KD 1,236,720 as at 31 December 2022 (KD 1,102,997 - 2021).

- As a lessee, the Group has leased many assets, including buildings and lands. The average period of the leased buildings and leased lands are 5 years. The impact resulting from the application of IFRS 16 has been recorded under lands and buildings.
- Property, plant and equipment include hotel in Lebanon, the related net book value amounted to KD 3.5 Million approximately as at 31 December 2022 (KD 2.8 Million – 2021). The hotel incurs losses due to suspension of Hotel operation till November 2022, and the continued effect of the Lebanese liquidity crises, which is an indication of impairment. The Group management concluded that the restated net book value after applying IAS 29 exceed the stated recoverable amount and accordingly recorded impairment of KD 556,520 in the consolidated statement of income for the current year (KD 356,038 – 2021). The Group's management has determined the recoverable value of the hotel in accordance with the fair value using replacement cost approach.

6. Investment properties

The below table is the investment properties movement during the year:

	2022	2021
Balance as at 1 January	6,757,770	6,027,844
Additions	3,997	786,337
Changes in fair value	115,920	(41,111)
Foreign currency translation differences	107,134	(15,300)
Balance as at 31 December	6,984,821	6,757,770

- The fair value of the Group's investment properties as at 31 December 2022 has been arrived at on the basis of a valuation carried out on the respective dates by independent valuer not related to the Group. The independent valuer is registered at the related governmental bodies, and he has appropriate and recent experience in the valuation of properties in the relevant locations. The fair value of properties held for trading was determined based on market comparable method (Level 2).
- In estimating the fair value of the properties, the highest and best use of the properties is their current use.

7. Investment in associates

	Activities	Ownership %	2022	2021
Spears 1788 Group S.A.L.	Holding - Real Estate	40	1,631,781	1,116,904
Other			136,423	136,423
			1,768,204	1,253,327

7.1 Associates are accounted for using Equity method.

7.2 Below table showing the results of associate during the year:

	2022	2021
Balance as at 1 January	1,253,327	1,265,586
Share of results	(45,671)	(199,173)
Initial application of IAS 29	-	186,914
Translation differences including effect of hyperinflation	560,548	-
Balance as at 31 December	1,768,204	1,253,327

7.3 Summarized financial information of Spears 1788 Group S.A.L. as at 31 December is as follows:

	2022	2021
Current assets	72,929	109,850
Non-current assets	6,003,163	4,162,718
Current liabilities	1,996,641	1,480,306

8. Inventories

	2022	2021
Raw materials	1,693,030	1,904,715
Spare parts	1,265,739	1,213,040
	2,958,769	3,117,755
Provision for obsolescence	(350,854)	(350,765)
	2,607,915	2,766,990

The cost of inventories recognized as expenses during the year in respect of cost of sales was KD 4,459,015 as at 31 Dec 2022 (2021: KD 6,001,830).

9. Trade receivables and other debit balances

	2022	2021
Trade receivables	15,424,518	14,184,640
Retention receivables	10,508,068	9,324,471
	25,932,586	23,509,111
Provision for expected credit loss	(9,780,856)	(9,744,986)
	16,151,730	13,764,125
Advance to suppliers	2,875,030	1,682,974
Other debit balances	378,281	275,724
	19,405,041	15,722,823

9.1 The ECL has been estimated in accordance with the simplified approach as per IFRS 9 (Note 3.1).

9.2 The Group holds letter of guarantee and letters of credit amounting to KD 424,068 as collaterals (KD 563,386 – 2021).

10. Contracts assets / liabilities

	2022	2021
Construction costs incurred plus recognised profits less recognised losses to date	41,681,040	106,030,016
Less: progress billings	(40,029,019)	(108,182,814)
	1,652,021	(2,152,798)
Recognised and included in the consolidated financial statements as amounts:		
- Contracts liabilities	(2,128,907)	(3,222,383)
- Contracts assets	3,780,928	1,069,585
	1,652,021	(2,152,798)

- The Group recognizes the contracts assets of the executed works that are not invoiced to the customers. These amounts will be transferred subsequently to trade receivables upon issuing invoices to the customers.
- Contract liabilities represent in the amounts collected from customers in excess of the revenues recognized to the date according to completion method.

11. Cash and cash equivalents

	2022	2021
Current and call accounts	4,079,483	7,362,482
Time deposits	5,110,661	10,262,029
Cash on hand	47,224	47,703
	9,237,368	17,672,214

The average interest rate on the deposits was 3.2% to 4.2% as at 31 December 2022 (1.45% to 2%- 2021).

12. Equity

12.1 Share capital

On 15 May 2022, the ordinary assembly meetings approve the distribution of bonus share at 5% of the share capital by issuing shares of KD 579,186 distributed over 5,791,860 shares and the commercial register was amended, by the increase in bonus shares on 24 May 2022.

Therefore, the authorized, issued and paid-up capital of the Parent Company amounted to KD 12,162,908 distributed over 121,629,083 shares of 100 fils each as of 31 December 2022 (KD 11,583,722 distributed over 115,837,222 shares as of 31 December 2021) and all shares are in cash.

12.2 Treasury shares

	2022	2021
Number of shares	2,934,477	2,794,650
Percentage of issued shares %	2.41	2.41
Market value (KD)	871,540	1,391,735

The Parent Company is required to retain reserves and retained earnings equivalent to the value of treasury shares throughout the year, during which they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities.

12.3 Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, and by virtue of a decision by the Ordinary General Assembly based on the BOD's proposal, a percentage not less than 10% of the profits shall be transferred annually to the statutory reserve. The General Assembly may discontinue such deduction if the statutory reserve exceeds half of the Parent Company paid up capital.

12.4 Voluntary reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, and by virtue of a decision by the Ordinary General Assembly based on the BOD's proposal, a percentage not less than 10% of the net profits may be transferred to provide the voluntary reserve for the purpose specified by the General Assembly.

13. Other reserves

	Treasury share reserve	Foreign currency translation reserve	Total
Balance as at 1 January 2021	158,935	603,282	762,217
Gain from sale of treasury shares	426,239	-	426,239
Total other comprehensive income items	-	(287,943)	(287,943)
Balance as at 31 December 2021	585,174	315,339	900,513
Balance as at 1 January 2022	585,174	315,339	900,513
Total other comprehensive income items	-	1,967,107	1,967,107
Balance as at 31 December 2022	585,174	2,282,446	2,867,620

14. Trade payables and other credit balances

	2022	2021
Trade payables	6,127,154	6,124,436
Contract advances – construction	2,646,758	2,041,409
Provisions for claims	9,856	13,592
Provisions for warranty and maintenance	4,081,411	6,201,026
Accrued to staff	948,306	943,221
Accrued expense	224,461	247,676
Lease contracts liabilities	191,671	111,893
Cash dividends	147,691	138,291
Other credit balances	427,954	552,683
	14,805,262	16,374,227

Lease liabilities related to right of use assets as follows:

	2022	2021
Lease contracts liabilities – current		
Amounts due within 12 months	191,671	111,893
Lease contracts liabilities – non-current		
Amounts due after 12 months	246,364	273,316
	438,035	385,209

- Provisions for the warranty and guarantee obligations were provided to meet the obligations of the executed and delivered construction works to the customers in accordance with contracts. The provision made represents management's best estimate taking into consideration the expected cost to fulfil the obligation during the specified period.

15. Revenue

The Group's revenues arise from construction, installation, maintenance and sale of goods mainly in Kuwait:

	Timing of revenue recognition	2022	2021
Construction Contracts	Over time	17,266,554	18,407,777
Sales of goods	Point of time	5,897,808	7,073,039
Installation and maintenance	Over time	2,777,679	3,133,745
		25,942,041	28,614,561

Revenues from construction contracts include revenues of KD 5,171,345 (KD 12,414,742- 2021) realized from contracts with government entities in the State of Kuwait.

The transaction price allocated to not yet fulfilled performance obligation as at 31 December 2022 is KD 64,465,818 (2021 – KD 61,151,663).

16. Cost of sales

	2022	2021
Materials	6,123,348	10,106,508
Staff costs	5,350,335	4,918,112
Subcontract costs	5,901,401	3,619,596
Repairs and maintenance	2,275,305	1,854,911
Depreciation and amortization	829,959	826,319
Lease rentals	835,694	639,425
Provision for warranty and guarantee	-	1,655,000
Others	951,186	1,382,149
	22,267,228	25,002,020

17. Net of other operating income

	2022	2021
Interest Income	141,012	154,771
Other income / (expenses)	21,682	(15,572)
	162,694	139,199

18. Reversal of provisions and impairment

	2022	2021
Reversal of provision for claims and penalties	1,234,139	4,035,000
Provision of expected credit losses – (note 3.1)	(19,925)	(1,160,346)
Reversal of expected credit losses – (note 3.1)	9,002	322,101
Impairment of property, plant and equipment (note 5)	(556,520)	(356,038)
	666,696	2,840,717

19. General and administrative expenses

	2022	2021
Salaries and wages	1,258,159	1,270,932
Depreciation and amortization	174,076	197,220
Lease rentals	25,539	22,483
Repairs and maintenance	28,759	31,482
Others	436,247	402,589
	1,922,780	1,924,706

20. Net gain from investment properties

	2022	2021
Rents revenue	432,444	387,752
Less: Rents expenses	(193,203)	(185,089)
Net rental income	239,241	202,663
Gain / (loss) from change in fair value of investment properties	115,920	(41,111)
	355,161	161,552

21. Earnings per share

Earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year.

The weighted average number of shares outstanding during the year is calculated as follows:

	2022	2021
Weighted average number of issued and fully paid up shares	121,629,083	121,629,083
Less: weighted average number of treasury shares	(2,934,477)	(3,191,858)
Weighted average number of shares outstanding	118,694,606	118,437,225
Net profit for the year	2,691,661	4,323,430
Earnings per share (fils)	22.68	36.50

Earning per share for comparative figures have been amended taking into consideration bonus shares issued (Note 23).

22. HYPERINFLATION ADJUSTMENT

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the statement of financial position date and that comparative figures for prior periods be stated in the same terms to the latest statement of financial position date. This has been applied in Tameer Lebanon Holding Company (subsidiary) and Spears 1788 Group SAL (associate), and the restatement effect has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) provided by The Central Administration of Statistics, Republic of Lebanon. The conversion factors used to restate the financial statements of the subsidiary are as follows:

Year	Index	Conversion factor
31-Dec-22	2,045	1.00
31-Dec-21	921.4	2.22
31-Dec-20	284	7.20
31-Dec-19	115.5	17.71
31-Dec-18	108	18.94
31-Dec-17	103.9	19.69
31-Dec-16	98.9	20.68
31-Dec-15	95.9	21.33
31-Dec-14	99.3	20.60
31-Dec-13	130.9	15.63
31-Dec-12	129.5	15.80
31-Dec-11	117.6	17.39
31-Dec-10	114.1	17.93
31-Dec-09	109.1	18.75
31-Dec-08	105.5	19.39

The above mentioned restatement has been accounted for as follows:

i. Financial statements prepared in the currency of a hyperinflationary economy are stated after applying the measuring unit current at the statement of financial position date and corresponding figures for the previous period are stated on the same basis. Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held and items to be recovered or paid in money;

ii. Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and components of shareholders' equity are restated by applying the relevant conversion factors;

iii. Comparative financial statements are restated using general inflation indices in terms of the measuring unit current at the statement of financial position date.

iv. The effect on the net monetary position of the Group is included in the consolidated statement of income as a monetary gain or loss from hyperinflation

The movements in assets and liabilities due to hyperinflation are as follows:

	2022	2021
Property, plant and equipment (Note 5)	1,224,641	(1,152,163)
Investment in associate (Note 7)	560,548	186,914
Other impact on the consolidated statement of income and consolidated statement of changes in equity	62,715	243,908
Total impact of hyperinflation	1,847,904	(721,341)

The impact of hyperinflation is allocated as follows:

	2022	2021
Net Monetary loss from hyperinflation	-	(9,022)
Initial application effect on retained earnings	-	(446,574)
Other comprehensive income	1,847,904	(265,745)
Total impact of hyperinflation	1,847,904	(721,341)

23. Dividends

On 15 May 2022, the ordinary and extraordinary general assembly meeting of shareholders was held and approved the consolidated financial statements for the year ended 31 December 2021, also approved the below:

- Board of Directors' remuneration of KD 66,000 for the year ended 31 December 2021.
- Distributing 26% cash dividends for the year ended 31 December 2021 (after deducting treasury shares).
- Distribution of bonus shares of 5% of the current share capital.

On 14 March 2023, the Board of Directors proposed cash dividends of 20 Fils per share (after deduction of treasury shares) for the year ended 31 December 2022. The Board also proposed BOD remuneration to members of KD 48,000. These proposals are subject to approval from the General Assembly of the Parent Company and the competent authorities.

24. Segmental information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the "Executive management" who are the Chief Operating decision-makers in order to allocate resources to the segment and to assess its performance. The Group CEO is identified as a chief operating decision maker for the Group.

The management of the Group assessed the Group into three key business units; Construction, installation and maintenance, Investment of surplus funds and hotels. These businesses are the basis on which the Group reports its primary segment information to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The Construction, installation and maintenance primarily engages in the Construction, installation and maintenance works, maintenance for clients in the market. The Investment of surplus funds is related to investments in associates and investments properties. Also Hotels activities for rental income and assets based operations activities. The above segments are the basis on which the Group reports its segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis and eliminated on consolidation.

Segment results include revenue and expenses directly attributable to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment. Capital expenditure represents the total cost incurred during the year to acquire assets that are expected to be used for periods exceeding one year.

Year ended 31 December 2022	Construction, installation & maintenance	Investments	Hotels	Unallocated	Total
Operating income	25,942,041	355,161	119,127	710,263	27,126,592
Operating expenses	(22,546,222)	(45,671)	(735,014)	(1,108,024)	(24,434,931)
Net profit for the year	3,395,819	309,490	(615,887)	(397,761)	2,691,661
Assets	37,483,511	8,753,026	3,477,488	1,735,107	51,449,132
Liabilities	18,387,523	112,805	13,095	1,365,577	19,879,000

Year ended 31 December 2021	Construction, installation, & maintenance	Investments	Hotels	Unallocated	Total
Operating income	28,614,561	161,552	0	2,979,916	31,756,029
Operating expenses	(24,942,611)	(199,173)	(507,235)	(1,783,580)	(27,432,599)
Net profit for the year	3,671,950	(37,621)	(507,235)	1,196,336	4,323,430
Assets	39,589,665	8,011,098	2,858,363	1,735,586	52,194,712
Liabilities	20,211,937	671,628	65,438	1,395,239	22,344,242

Following are geographical information:

Year ended 31 December 2022	Revenues	Non-current assets
Kuwait	25,634,265	6,707,746
United Arab Emirates	355,161	6,238,413
Oman	1,018,039	39,814
Lebanon	119,127	3,431,907
	27,126,592	16,417,880

Year ended 31 December 2021	Revenues	Non-current assets
Kuwait	30,087,838	6,063,011
United Arab Emirates	162,452	6,016,396
Oman	1,505,739	31,982
Lebanon	-	2,851,711
	31,756,029	14,963,100

25. Related party transactions

The Group enters into transaction with related parties on terms and conditions approved by management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business the Group enters into transactions with related parties, (i.e. companies owned by shareholders and directors). Terms of these transactions are approved by the Group's management.

Details of related parties balances and transactions other than those disclosed elsewhere in the financial statements are as follows:

Balances:

	2022	2021
Post employment benefits	200,034	165,125
Due from related parties	661,014	403,494

Transactions:

	2022	2021
Revenues	1,214,642	512,147
Salaries and other short-term employee benefits	740,192	726,033
Termination benefits	34,909	24,398
Board of Directors remuneration	48,000	66,000
Acquisition of Investments properties	-	786,337

26. Subsidiaries

Subsidiary	Percentage of Ownership (%)	
	2022	2021
KCPC Construction (L.L.C) - Dubai, United Arab Emirates	90	90
Prime 28 Limited - Dubai, United Arab Emirates	100	100
Mass International – Oman	70	70
KCPC - Qatar W.L.L – Qatar	50	50
Grey Lines Company O.P.C – Kuwait	100	100
Technical Kuwaiti Company for Elevators, Escalators & Contracting O.P.C - Kuwait	100	100
Tameer Holding Company S.A.L – Lebanon	100	100
Maamel Real Estate O.P.C – Kuwait	100	100
Tamara for Agriculture Contracting Company S.P.C. - Kuwait	100	-

During the current year, the management has established a new subsidiary (Tamara for Agriculture Contracting Company S.P.C.). Completion of procedures along with settlement of the share capital are in process.

Subsidiaries total assets consolidated in the consolidated financial statements amounted to KD 14,466,101 as at 31 December 2022 (KD 13,738,805 - 2021) and its net profit amounted to KD 459,895 (net profits KD 724,686 - 2021).

The objectives of the subsidiaries are to engage in contracting activities and ownership of real estate and land. Residual interests in subsidiaries incorporated in Kuwait are held through nominees, residual interests in subsidiaries incorporated outside Kuwait are held through letters of assignment.

27. Commitments and contingent liabilities

The Group has the following commitments and contingent liabilities:

	2022	2021
Commitments		
Letters of credit	517,789	136,382
Contingent liabilities		
Letters of guarantee	45,182,124	50,970,199