Kuwait Foundry Company K.S.C.P.

FINANCIAL STATEMENTS

31 DECEMBER 2022

Building a better
working world

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

Report on the Audit of Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Report on the Audit of Financial Statements (continued)

Key Audit Matters (continued)

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

<table>
<tr><th colspan="2">Valuation of unquoted investments</th></tr>
<tr><th>Key audit matter</th><th>How the key audit matter was addressed in the audit</th></tr>
<tr><td>The Company's investment securities amounted to KD 10,243,097 representing 72% of the Company's total assets as at 31 December 2022, comprising of unquoted equity investments designated at fair value through other comprehensive income (FVOCI) and categorised within Level 3 of the fair value hierarchy as disclosed in Note 21 to the financial statements.

The valuation of the Company's unquoted investments involves the use of assumptions and estimates. The key inputs used in the valuation model requires a considerable degree of judgment by management in establishing fair value and include identifying comparable public companies (peers) and determining appropriate valuation techniques.

Given the size and complexity of the valuation of unquoted equity securities and the importance of the disclosures relating to the assumptions used in the valuation, we addressed this as a key audit matter.</td><td>Our audit procedures included, among others, the following:

▶ For valuations, which used significant both observable and unobservable inputs, we have tested the source data used in the valuations, to the extent possible, to independent sources and externally available market data to evaluate the data's relevance, completeness and accuracy.

▶ We have evaluated the appropriateness of the model used to what we considered to be available alternative valuation methods. We also evaluated the reasonableness of the significant judgment and assumptions applied to the valuation models, including appropriateness of the comparable listed companies' selection, the pricing multiples and discounts for lack of marketability.

▶ We assessed the adequacy and the appropriateness of the Company's disclosures concerning the Company's exposure to financial instrument valuation risk, fair value measurement of investment securities and the sensitivity to changes in unobservable inputs in Note 21 to the financial statements.</td></tr>
</table>

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

Report on the Audit of Financial Statements (continued)

Key Audit Matters (continued)

Existence and valuation of inventories	
Key audit matter	**How the key audit matter was addressed in the audit**
As at 31 December 2022, the Company held inventories of KD 1,333,105 net of an allowance of KD 803,940, representing 9% of total assets. Inventories mainly consist of raw materials, spare parts and finished goods at year-end and are valued at the lower of cost and net realisable value. Management determines the level of obsolescence of inventories by considering their nature, aging profile and sales expectations using historic trends and other qualitative factors. At each reporting date, the cost of inventories is reduced where inventories are forecasted to be sold at below cost. Judgment is required to identify obsolete and slow-moving inventories and assess the appropriate level of allowance for such inventories, which may be sold below cost as a result of a reduction in consumer demand. Such judgments include management's expectations for future sales and inventory liquidation plans. Estimation process of the allowance is disclosed in Note 3.2 to the financial statements. We considered the existence and valuation of inventories as a key audit matter given the relative size of the balance in the statement of financial position and the significant judgments and key assumptions applied by the management in determining the allowance and the level of inventories write down required based on Net Realisable Value (NRV) assessment.	Our audit procedures included, among others, the following: ▸ We attended the physical inventory count at year-end for all significant locations, observed the count procedures and, for a sample of inventory, performed test counts to assess the existence and condition of inventory. ▸ We reviewed the basis for the allowance by understanding and challenging the key assumptions used. In doing so, we understood the process of identification of obsolete and slow-moving inventories and the process for identifying specific problem inventory. Furthermore, we recalculated the expected allowance based on the above key assumptions to assess the mathematical accuracy of the calculation. ▸ We assessed the appropriateness of the management estimation of NRV by tracing inventory items in the listing, on a sample basis, to sales during and subsequent to the reporting period. ▸ We also considered the adequacy of the Company's accounting policies and disclosures relating to inventory and related allowances in Notes 2 and 6 to the financial statements.

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

Report on the Audit of Financial Statements (continued)

Other Information included in the Company’s 2022 Annual Report

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

Report on the Audit of Financial Statements (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements, together with the contents of the report of the Company's Board of Directors relating to these 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 financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Company's Memorandum of Incorporation and Articles of Association, that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2022, that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2022 that might have had a material effect on the business of the Company or on its financial position.

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

29 March 2023
Kuwait

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 KD	2021 KD
ASSETS			
Non-current assets			
Property, plant and equipment	4	**300,348**	302,005
Financial assets at FVOCI	5	**10,243,097**	11,798,855
		10,543,445	12,100,860
Current assets			
Inventories	6	**1,333,105**	2,130,298
Trade and other receivables	7	**60,309**	55,598
Cash and cash equivalents	8	**2,287,547**	472,654
		3,680,961	2,658,550
TOTAL ASSETS		**14,224,406**	14,759,410
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**7,232,559**	7,232,559
Share premium	10	**8,026,028**	8,026,028
Statutory reserve	11	**3,616,280**	3,616,280
Voluntary reserve	11	**76,190**	76,190
Fair value reserve		**(5,574,678)**	(4,018,920)
Foreign currency translation reserve		**(1,418,868)**	(1,418,868)
Retained earnings		**1,632,240**	589,519
		13,589,751	14,102,788
Liabilities			
Non-current liabilities			
Employees' end of service benefits		**108,516**	101,449
Current liabilities			
Trade and other payables	12	**526,139**	555,173
Total liabilities		**634,655**	656,622
TOTAL EQUITY AND LIABILITIES		**14,224,406**	14,759,410

Nawaf Arhamah Arhamah
Chairman

Al Muthana Mohammed Al-Maktoum
Chief Executive Officer

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	***2022*** ***KD***	*2021* *KD*
Revenue from contracts with customers		**753,909**	799,756
Cost of sales		**(453,238)**	(532,031)
GROSS PROFIT		**300,671**	267,725
Other income		**10,904**	50,717
Interest income		**384**	1,336
Reversal of provision no longer required		**-**	26,237
Net foreign exchange differences		**11,085**	(580)
Selling and marketing expenses	13	**(20,380)**	(13,591)
General and administrative expenses	14	**(233,322)**	(249,805)
Write-down of inventories	6	**(748,940)**	(55,000)
Reversal of (allowance for) expected credit losses on trade receivables	7	**9,367**	(6,319)
OPERATING (LOSS) PROFIT		**(670,231)**	20,720
Net investment income	15	**1,833,696**	15,080
PROFIT BEFORE TAX		**1,163,465**	35,800
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)		**(11,635)**	-
National Labour Support Tax (“NLST”)		**(47,987)**	-
Zakat		**(19,122)**	-
Directors’ remuneration		**(42,000)**	-
PROFIT FOR THE YEAR		**1,042,721**	35,800
BASIC AND DILUTED EARNINGS PER SHARE	16	**14.42**	0.49

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 ***KD***	*2021* *KD*
PROFIT FOR THE YEAR	**1,042,721**	35,800
Other comprehensive (loss) income		
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:		
Net (loss) gain on equity instruments designated at FVOCI	**(1,555,758)**	962,859
Total other comprehensive (loss) income for the year	**(1,555,758)**	962,859
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	**(513,037)**	998,659

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital KD	*Share premium KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Fair value reserve KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Total equity KD*
As at 1 January 2022	**7,232,559**	**8,026,028**	**3,616,280**	**76,190**	**(4,018,920)**	**(1,418,868)**	**589,519**	**14,102,788**
Profit for the year	-	-	-	-	-	-	1,042,721	1,042,721
Other comprehensive loss	-	-	-	-	(1,555,758)	-	-	(1,555,758)
Total comprehensive loss	-	-	-	-	(1,555,758)	-	1,042,721	(513,037)
At 31 December 2022	**7,232,559**	**8,026,028**	**3,616,280**	**76,190**	**(5,574,678)**	**(1,418,868)**	**1,632,240**	**13,589,751**
As at 1 January 2021	7,232,559	8,026,028	3,616,280	76,190	(4,981,779)	(1,418,868)	1,059,998	13,610,408
Profit for the year	-	-	-	-	-	-	35,800	35,800
Other comprehensive income	-	-	-	-	962,859	-	-	962,859
Total comprehensive income	-	-	-	-	962,859	-	35,800	998,659
Cash dividends (Note 23)	-	-	-	-	-	-	(506,279)	(506,279)
At 31 December 2021	7,232,559	8,026,028	3,616,280	76,190	(4,018,920)	(1,418,868)	589,519	14,102,788

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	***2022*** ***KD***	*2021* *KD*
OPERATING ACTIVITIES			
Profit before tax		**1,163,465**	35,800
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Interest income		**(384)**	(1,336)
Depreciation of property, plant and equipment	4	**5,677**	9,172
(Reversal of) allowance for expected credit losses on trade receivables	7	**(9,367)**	6,319
Dividend income	15	**(1,833,696)**	(15,080)
Gain on sale property, plant and equipment		**(2,354)**	(777)
Reversal of provision no longer required		**-**	(26,237)
Write-down of inventories	6	**748,940**	55,000
Provision for employees' end of service benefits		**16,979**	9,678
		89,260	72,539
Working capital adjustments:			
Inventories		**48,253**	173,138
Trade and other receivables		**4,656**	40,799
Trade and other payables		**(124,464)**	(299,775)
Cash flows from (used in) operations		**17,705**	(13,299)
Employees' end of service benefits paid		**(9,912)**	(136,851)
Taxes paid		**(25,314)**	-
Net cash flows used in operating activities		**(17,521)**	(150,150)
INVESTING ACTIVITIES			
Dividend income received		**1,833,696**	15,080
Proceeds from sale of property, plant and equipment		**3,322**	777
Interest income received		**384**	1,336
Purchase of items of property, plant and equipment	4	**(4,988)**	(1,768)
Net cash flows from investing activities		**1,832,414**	15,425
FINANCING ACTIVITIES			
Cash dividends paid	23	**-**	(506,279)
Net cash flows used in financing activities		**-**	(506,279)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,814,893**	(641,004)
Cash and cash equivalents at 1 January		**472,654**	1,113,658
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8	**2,287,547**	472,654

The attached notes 1 to 24 form part of these financial statements.

1 CORPORATE INFORMATION

The financial statements of Kuwait Foundry Company K.P.S.C. ("the Company") for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the board of directors on 29 March 2023, and the shareholders have the power to amend these financial statements at the annual general assembly meeting (AGM).

The Company is a public shareholding company, incorporated and domiciled in Kuwait and whose shares are publicly traded in Boursa Kuwait. The Company's registered office is located at Al Rai Industrial Area, Street (10), Kuwait.

The Company's primary objectives are, as follows:

- Casting of iron and other metals, manufacturing the sanitary tools,
- Manufacturing the accessories for sewage systems, manufacturing of casting joint for "Asbestos" pipes,
- Manufacturing of water valves, manufacturing of water pumps, manufacturing casting accessories for Rain water drains,
- Manufacturing casting joints for water extensions, manufacturing casting pipes by centrifugal method,
- Manufacturing all the requirements related to casting industry, importing the materials necessary to achieve the Company objectives and all the commercial activities related to marketing and distribution of the Company products.
- The Company may have an interest or participate under any manner in the entities carrying out works similar to the Company objective or which may assist the Company to achieve its objectives in Kuwait or abroad. It may buy these entities or take it as its subsidiaries.
- The Company may invest its available excess funds through portfolios managed by specialised companies and parties. The Company may also pledge the Company's properties, provide guarantees, make loans and lend to subsidiaries, associates and companies in which the Company's ownership is 5% or more.

Subsequent to the reporting date, the Company incorporated Kuwait Foundry Holding Company K.S.C. (Closed), a wholly owned subsidiary based in Kuwait with an issued and paid-up share capital of KD 525,000 (Refer to Note 8).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

The financial statements have been presented in Kuwaiti Dinars ('KD'), which is also the functional of the Company.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

Onerous Contracts – Costs of Fulfilling a Contract – *Amendments to IAS 37 (continued)*
The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

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

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

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

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

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities *(continued)*
These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

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

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new and amended standards and interpretations are issued, but not yet effective, up to the date of issuance of the Company's financial statements. None of these are expected to have a significant impact on the Company's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 Revenue recognition
Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it typically controls the good before transferring them to the customer.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when control of the goods is transferred to the customer, generally on delivery of the goods.

2.4.2 Interest income
Interest income is recognised in the statement of profit or loss for all interest-bearing financial instruments using the effective interest method.

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

2.4.4 Dividend distribution
The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company.

- Interim dividends to shareholders are recognised when declared by the directors after obtaining the necessary pre-approvals.
- Final dividends are recognised when the distribution is authorised when it is approved by the shareholders at the AGM.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.5 Current versus non-current classification

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

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

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

2.4.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and capital work in progress are not depreciated. Following completion, capital work in progress is transferred into the relevant class of property, plant and equipment.

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

▸ Building on a leasehold land	20 years
▸ Machinery, equipment and tools	10 years
▸ Operation patterns	5-6 years
▸ Motor vehicles	3-5 years
▸ Furniture and office equipment	4-5 years

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

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

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

2.4.7 Inventories

Inventories are valued at the lower of cost and net realisable value after providing allowances for any obsolete or slow-moving items. Costs comprise direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.8 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and initial measurement

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

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

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

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) Financial assets at amortised cost (debt instruments)

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

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

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

c) Financial assets designated at fair value through OCI (equity instruments)

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.8 Financial instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

The Company elected to classify its non-listed equity investments under this category.

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

This category included listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.8 Financial instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

ii) Financial liabilities

Initial recognition and measurement
All financial liabilities are measured initially at fair value (transaction price) plus, directly attributable transaction costs.

The Company's financial liabilities comprise of trade and other payables.

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

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

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

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

Financial liabilities at amortised cost

Accounts payable and accruals
Accounts payable and accruals are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.9 Impairment of non-financial assets (continued)
In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

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

2.4.10 Employees' end of service benefits
The Company provides end of service benefits to all its employees under the Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

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

2.4.11 Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

2.4.12 Foreign currencies
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.4.13 Contingencies
Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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

2.4.14 Segment information
A segment is a distinguishable component of the Company that engages in business activities from which it earns revenue and incurs cost. The operating segments used by the management of the Company to allocate resources and assess performance are consistent with the internal report provided to the Chief Operating decision maker. Operating segment exhibiting similar economic characteristic, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.15 Fair value measurement

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

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

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

2.4.16 Events after the reporting period

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the amount of the asset or liability affected in future periods.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Significant judgements

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

Classification of financial assets

The Company determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Judgments are required in determining the business model at an appropriate level that best reflects an aggregated group or portfolio of assets which are managed together to achieve a particular business objective. The Company also applies judgment to assess if there is a change in business model in circumstances when the assets within that business model are realised differently than the original expectations.

Going concern assessment

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the necessary resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

3.2 Estimates and assumptions

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

Useful lives of depreciable assets

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

Fair value measurement

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

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Impairment of trade and other receivables

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

4 PROPERTY, PLANT AND EQUIPMENT

	Building on a leasehold land KD*	*Machinery, equipment and tools KD*	*Operation patterns KD*	*Motor vehicles KD*	*Furniture and office equipment KD*	*Total KD*
Cost:						
At 1January 2021	2,081,390	4,467,919	1,208,138	124,564	132,615	8,014,626
Additions	-	-	820	-	948	1,768
Disposals	-	-	(378,530)	-	-	(378,530)
At 31 December 2021	2,081,390	4,467,919	830,428	124,564	133,563	7,637,864
Additions	-	-	1,536	200	3,252	4,988
Disposals	-	(1,384)	(3,849)	(202)	(6,750)	(12,185)
At 31 December 2022	**2,081,390**	**4,466,535**	**828,115**	**124,562**	**130,065**	**7,630,667**
Depreciation and impairment:						
At 1 January 2021	1,790,138	4,454,255	1,208,138	123,147	129,539	7,705,217
Depreciation charge for the year	1,067	3,512	820	1,416	2,357	9,172
Disposals	-	-	(378,530)	-	-	(378,530)
At 31 December 2021	1,791,205	4,457,767	830,428	124,563	131,896	7,335,859
Depreciation charge for the year	390	5,200	-	87	-	5,677
Disposals	-	(543)	(3,849)	(105)	(6,720)	(11,217)
At 31 December 2022	**1,791,595**	**4,462,424**	**826,579**	**124,545**	**125,176**	**7,330,319**
Net book value:						
At 31 December 2022	**289,795**	**4,111**	1,536	**17**	**4,889**	**300,348**
At 31 December 2021	290,185	10,152	-	1	1,667	302,005

* The Company`s building is constructed on a leasehold land granted by the Public Authority of Industry (PAI), which will expire on 1 May 2023. Management believes that it is reasonably certain to renew the lease for a similar term.

4 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation expense

Depreciation expense included in the statement of profit or loss is allocated, as follows:

	2022 ***KD***	*2021* *KD*
Cost of sales	**3,548**	6,700
General and administrative expenses (Note 14)	**2,129**	2,472
	5,677	9,172

Disposals of property, plant and equipment

In 2022, the Company disposed equipment with a total net carrying amount of KD 968 (2021: KD Nil) for a cash consideration of KD 3,322 (2021: KD 777). The net gains on these disposals were recognised as part of other income in the statement of profit or loss.

Fair value disclosure

The Company carries out a valuation of its properties on an annual basis. The valuation is performed by at least two independent, registered and accredited real estate appraisers provided that one of them is a local bank and that the lower value is taken into account.

The fair value of the leasehold land and building as at 31 December 2022 determined based on valuations carried out by the respective appraisers using the market comparison approach amounted to KD 28,200,000 (31 December 2021: KD 28,700,000).

Significant increase (decrease) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 ***KD***	*2021* *KD*
Unquoted equity investments	**10,243,097**	11,798,855

The hierarchy of determining and disclosing the fair values of the investment securities by valuation techniques is presented in Note 21.

6 INVENTORIES

	2022 ***KD***	*2021* *KD*
Raw materials and spare parts	**917,239**	955,367
Finished goods	**1,219,149**	1,229,234
Goods in transit	**657**	697
Less: Allowance for obsolete and slow-moving inventories	**(803,940)**	(55,000)
	1,333,105	2,130,298

During 2022, KD 251,357 (2021: KD 218,206) was recognised as an expense for inventories. This is recognised in cost of sales.

In addition, inventories have been reduced by KD 748,940 (2021: KD 55,000) as a result of a write-down to net realisable value. The write-down is recognised as an expense and presented separately in the statement of profit or loss.

7 TRADE AND OTHER RECEIVABLES

	2022	*2021*
	KD	*KD*
Trade receivables	**51,408**	73,543
Less: Allowance for expected credit losses	**(40,206)**	(56,426)
	11,202	17,117
Staff receivables	**17,523**	13,595
Refundable deposits	**9,100**	8,900
Prepaid expenses	**21,069**	11,430
Other receivables	**1,415**	4,556
	60,309	55,598

Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

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

Note 20 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses on the Company's trade receivables. Other classes within accounts receivable do not contain impaired assets.

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

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

	2022	*2021*
	KD	*KD*
As at 1 January	**56,426**	50,107
Provision recognised in profit or loss during the year	**-**	6,319
Reversal of allowance recognised in profit or loss during the year	**(9,367)**	-
Write off during the year*	**(6,853)**	-
As at 31 December	**40,206**	56,426

* Certain trade receivables were written off as management believes that there is no reasonable expectation of recovering the contractual cash flows.

8 CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

	2022	*2021*
	KD	*KD*
Cash on hand	**2,232**	1,354
Cash at banks*	**2,285,315**	471,300
Total cash and cash equivalents	**2,287,547**	472,654

* An amount of KD 525,000 (31 December 2021: KD Nil) has been restricted in relation to the establishment of a wholly owned subsidiary domiciled in Kuwait. The legal proceedings with respect to the incorporation of the subsidiary were completed on 11 January 2023.

At 31 December 2022, the Company had available KD 500,000 (31 December 2021: KD Nil) of undrawn committed overdraft facilities.

9 SHARE CAPITAL

	Number of shares		*Authorised, issued and fully paid*	
	2022	*2021*	***2022 KD***	*2021 KD*
Shares of 100 fils each (paid in cash)	**72,325,590**	72,325,590	**7,232,559**	7,232,559

The Company's Board of Directors in their meeting held on 29 March 2023 proposed the reduction of authorised, issued and paid-up share capital of the Company from KD 7,232,559 to KD 6,500,000 and distributing the reduction amount of KD 732,559 to the shareholders pro-rated to their shareholding in the Company. This proposal is subject to the approval of the shareholders at the EGM.

10 SHARE PREMIUM

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

11 RESERVES

a) Statutory reserve

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

b) Voluntary reserve

In accordance with the Companies' Law, and the Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year before tax and directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve. In 1998, the AGM of the shareholders resolved to discontinue transfers to the voluntary reserve.

12 TRADE AND OTHER PAYABLES

	2022 KD	*2021 KD*
Trade payables	**7,427**	10,161
Advances from customers	**55,323**	66,774
Accrued expenses	**14,350**	12,119
KFAS payable	**61,634**	72,886
Zakat payable	**24,213**	-
NLST payable	**47,987**	-
Dividends and distributions payable	**251,017**	335,626
Directors' remuneration payable	**42,000**	-
Other payables	**22,188**	57,607
	526,139	555,173

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 90-day terms
- Other payables are non-interest bearing and have an average term of six months

For explanation on the Company's liquidity risk management processes, refer to Note 20.

13 SELLING AND MARKETING EXPENSES

	2022	*2021*
	KD	*KD*
Staff costs	**16,167**	11,371
Other expenses	**4,213**	2,220
	20,380	13,591

14 GENERAL AND ADMINISTRATIVE EXPENSES

	2022	*2021*
	KD	*KD*
Staff costs	**119,805**	135,872
Professional fees	**54,540**	26,607
Depreciation of property, plant and equipment (Note 4)	**2,129**	2,472
Maintenance expenses	**1,337**	974
Other general and administrative expenses	**55,511**	83,880
	233,322	249,805

15 NET INVESTMENT INCOME

	2022	*2021*
	KD	*KD*
Dividend income – Foulath Holding B.S.C (c)	**1,833,696**	15,080

16 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

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

	2022	*2021*
Profit for the year (KD)	**1,042,721**	35,800
Weighted average number of shares outstanding during the year (shares)	**72,325,590**	72,325,590
Basic and diluted earnings per share (Fils)	**14.42**	0.49

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

17 COMMITMENTS AND CONTINGENCIES

17.1 Operating lease commitments – Company as a lessee

The Company has entered into operating lease for the leasehold land with a lease term of six months, which is renewable indefinitely. Leasehold land is used for head office space for the Company and certain machinery and equipment.

At the reporting date, the future minimum rentals payable under non-cancellable operating leases is as follows:

	2022 ***KD***	*2021* *KD*
Future minimum lease payments:		
Within one year	**14,825**	14,825
	14,825	14,825

17.2 Contingent liabilities

At 31 December 2022, the Company had contingent liabilities in respect of bank guarantees arising in the ordinary course of business amounting to KD Nil (2021: KD 2,150). No material liability is expected to arise.

18 RELATED PARTY DISCLOSURES

The Company's related parties include its associates and joint ventures, major shareholders, entities under common control, directors and executive officers of the Company, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Company's management.

The following table shows the aggregate value of transactions and outstanding balances with related parties:

	2022 ***KD***	*2021* *KD*
Statement of profit or loss		
Revenue from contracts with customers	**18,179**	2,962

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash, there have been no guarantees provided or received for any related party receivables or payables.

Transactions with key management personnel

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

	Transaction values for the year ended 31 December		*Balance outstanding as at 31 December*	
	2022 ***KD***	*2021* *KD*	***2022*** ***KD***	*2021* *KD*
Salaries and other short-term benefits	**73,262**	103,613	**12,418**	7,556
Post-employment benefits	**1,745**	1,541	**4,593**	2,144
	75,007	105,154	**17,011**	9,700

The Board of Directors of the Company proposed a directors' remuneration amounting to KD 42,000 for the year ended 31 December 2022 (2021: Nil). The proposal is subject to the approval of the shareholders at the annual general assembly (AGM).

19 SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on its products and services and has two reportable segments, as follows:

- **Manufacturing:** which represents the manufacturing of iron and other metal products.
- **Investment:** which represents the Company's investments in securities and investment units to utilise the Company's financial surplus.

The following tables present revenue and profit information for the Company's operating segments for the year ended 31 December 2022 and 31 December 2021, respectively:

	Manufacturing KD	***Investment KD***	***Unallocated KD***	***Total KD***
As at 31 December 2022				
Total assets	**1,644,655**	**10,243,097**	**2,336,654**	**14,224,406**
Total liabilities	**84,938**	**-**	**549,717**	**634,655**
Year ended 31 December 2022				
Revenue	**753,909**	**1,834,080**	**20,271**	**2,608,260**
Segment (loss) profit	**(457,564)**	**1,834,080**	**(333,795)**	**1,042,721**
Depreciation of property, plant and equipment	**(3,548)**	**-**	**(2,129)**	**(5,677)**

	Manufacturing KD	*Investment KD*	*Unallocated KD*	*Total KD*
As at 31 December 2021				
Total assets	2,449,419	11,798,855	511,136	14,759,410
Total liabilities	134,542	-	522,080	656,622
Year ended 31 December 2021				
Revenue	799,756	16,416	50,717	866,889
Segment profit (loss)	192,815	16,416	(173,431)	35,800
Depreciation of property, plant and equipment	(6,700)	-	(2,472)	(9,172)

Geographical information
The Company's revenue is derived from the sale of goods at a point in time and is geographically concentrated in Kuwait.

The majority of the Company's non-current assets are located in Kuwait, except for unquoted equity securities of KD 10,138,653 which are issued in the Kingdom of Bahrain.

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended 31 December 2022 and 31 December 2021. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

20.1 Credit risk

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

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

	2022	*2021*
	KD	*KD*
Trade receivables	**11,202**	17,117
Other receivables	**49,107**	38,481
Cash and cash equivalents	**2,287,547**	472,654
	2,347,856	528,252

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. At 31 December 2022: 100% (2021: 32%) of the Company's trade receivables are covered by letters of credit and other forms of credit insurance. These credit enhancements obtained by the Company resulted in a decrease in the ECL of KD 11,202 as at 31 December 2022 (2021: KD 17,117).

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

	Trade receivables				
		Days past due			
	Current	***<90 days***	***91-180 days***	***>180 days***	***Total***
	KD	***KD***	***KD***	***KD***	***KD***
31 December 2022					
Expected credit loss rate	**-**	**-**	**-**	**100%**	**78%**
Estimated gross carrying amount at default	**9,792**	**1,210**	**200**	**40,206**	**51,408**
Estimated credit loss	**-**	**-**	**-**	**(40,206)**	**(40,206)**

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.1 Credit risk (continued)

Trade receivables (continued)

	Trade receivables				
		Days past due			
	Current	*<90 days*	*91-180 days*	*>180 days*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*
31 December 2021					
Expected credit loss rate	-	-	-	92%	77%
Estimated gross carrying amount at default	5,778	3,136	3,308	61,321	73,543
Estimated credit loss	-	-	-	(56,426)	(56,426)

Cash and cash equivalents and term deposits

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

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

Other receivables

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

20.2 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind and monitors liquidity on a regular basis and periodically assess the financial viability of the receivables.

The Company's terms of sales require amounts to be paid within 30-90 days of the date of sale. Trade payables are normally settled within 30-90 days of the date of purchase. The maturity profile is monitored by the Company's management to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December, based on contractual undiscounted payments:

	On demand	***Less than 3 months***	***3 to 12 months***	***Total***
	KD	***KD***	***KD***	***KD***
As at 31 December 2022				
Trade and other payables (excluding advances)	**87,948**	**59,663**	**323,205**	**470,816**
As at 31 December 2021				
Trade and other payables (excluding advances)	72,886	10,072	405,441	488,399

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.3 Market risk
Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign currency exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market. Financial instruments affected by market risk include managed funds.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short-term changes in fair value.

20.3.1 Equity price risk
Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Company's investment portfolio.

The Company's non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed investments at fair value was KD 10,243,097. Sensitivity analyses of these investments have been provided in Note 21.

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

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

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

20.3.3 Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Company is exposed to foreign exchange risk arising from currency exposures mainly with US Dollar (USD).

Foreign currency risk management framework
The Company monitors foreign currency exposure on an ongoing basis, appropriate decisions are taken to minimise the exposure to a specific currency when required.

Had the exchange rate of the following currencies increased/decreased by 5% against the Kuwaiti Dinar, with all other variables held constant, the Company's statement of profit or loss and other comprehensive would have been shifted by the following amounts:

	2022		*2021*	
Currency	***Impact on profit or loss KD***	***Impact on OCI KD***	*Impact on profit or loss KD*	*Impact on OCI KD*
USD	**506,932**	**91,685**	-	585,452

21 FAIR VALUE MEASUREMENT

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

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

Unlisted equity investments
The Company invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Company uses a mix of income and market comparison valuation techniques for the majority of these positions. The Company determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Company classifies the fair value of these investments as Level 3.

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

Other financial assets and liabilities
For all other financial assets and liabilities, management assessed that the carrying value is an approximation of fair value.

21 FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 fair values
The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	Non-listed equity investments designated at FVOCI	
	2022	*2021*
	KD	*KD*
As at 1 January	**11,798,855**	10,835,996
Remeasurement recognised in OCI	**(1,555,758)**	962,859
As at 31 December	**10,243,097**	11,798,855

Description of significant unobservable inputs to valuation of financial assets:
The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

Assets measured at fair value:	*Valuation technique*	*Significant unobservable inputs*	*Range*	*Sensitivity of the input to fair value*
Unquoted securities	Market multiple approach	Sector multiple	0.812	10% increase (decrease) in the Sector PBV multiple would result in an increase (decrease) in fair value by KD 1,013,865 (2021: KD 1,458,476)
		DLOM	40%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 844,887 (2021: KD 989,831)

* Discount for lack of marketability ("DLOM") represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

22 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is not subject to externally imposed capital requirements.

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

Capital represents share capital and all other capital reserves and is measured at KD 13,589,751 as at 31 December 2022 (2021: KD 14,102,788).

23 DISTRIBUTIONS MADE AND PROPOSED

	31 December	
	2022	*2021*
	KD	*KD*
Cash dividends and distributions to the equity holders of the Company		
Dividends on ordinary shares declared and paid:		
Final dividends for 2021: Nil fils per share (2020: 7 fils per share) *	-	506,279
Proposed dividends on ordinary shares:		
Proposed cash dividend for 2022: 22 fils per share (2021: Nil fils per share) **	**1,591,163**	-

* The Board of Directors of the Company, in their meeting held on 17 March 2022, did not propose cash dividends for the year ended 31 December 2021 (2020: 7 fils per share aggregating to KD 506,279). The proposal was approved by the shareholders at the annual general assembly (AGM) held on 15 May 2022. The proposed dividend for the year ended 31 December 2020 was approved by the shareholders at the AGM held on 7 March 2021.

** The Board of Directors of the Company in their meeting held on 29 March 2023, proposed a cash dividend of 22 fils per share (aggregating to KD 1,591,163) for the year ended 31 December 2022. This proposal is subject to the approval of the shareholders at the AGM and is not recognised as a liability at year-end.

24 DEPRECIATION, STAFF COSTS, LEASE PAYMENTS AND COST OF INVENTORIES

	2022	*2021*
	KD	*KD*
Included in cost of sales:		
Depreciation	**3,548**	6,700
Staff costs	**134,806**	170,572
Expense relating to short-term leases	**44,474**	44,474
Costs of inventories recognised as an expense	**251,357**	218,206
Included in administrative expenses:		
Depreciation	**2,129**	2,472
Staff costs	**119,805**	135,872
Included in selling and marketing expenses:		
Staff costs	**16,167**	11,371

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