Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Financial statements
for the financial year ended December 31, 2022
with
Independent auditor's report

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

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for the financial year ended December 31, 2022
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Independent auditor's report

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Rödl
Middle East
Burgan - International Accountants

Independent auditor's report

The Shareholders,
Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Report on the Audit of Financial Statements

Opinion
We have audited the financial statements of Dalqan Real Estate Company - K.S.C. - (Public) which comprise the statement of financial position as of December 31, 2022, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Dalqan Real Estate Company - K.S.C. - (Public) as of December 31, 2022, and its financial performance and its cash flows for the financial 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 on the audit financial statements. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements. 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 year. 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.

We have identified the following key audit matters:

Valuation of investment properties
The evaluation of investment properties was considered to be a key audit matter for the company, as it includes assumptions and estimates which represent a significant part of the company's total assets. The company's policy is to evaluate the investment properties by two independent valuers at the end of the financial year as mentioned in note (6) to the financial statements.

As part of audit procedures, we have reviewed, among other procedures, the reasonableness of assumptions and judgments of the independent valuers included in these valuations to support the fair value of the investments. We took into consideration many other factors such as; experience, independence and competence of the valuers. We also evaluated the adequacy of the disclosures of investment properties included in the accompanying financial statements. The accounting policies related to measurement and presentation of the investment properties are mentioned in note (3/6) to the financial statements.

Other information included in the Board of director Report
Other information consists of the information included in the Board of director Report, other than the financial statements and auditor's report thereon. Management is responsible for the other information. We expect to obtain the annual report after the date of auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statement of the company
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted for use by the State of Kuwait 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 preparation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is 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.

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

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

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, physical counting was carried out in accordance with recognized practices, the financial statements together with the financial contents of the report of the Board of Directors are in accordance therewith. Also, we have obtained the information and explanations that we required for the purpose of our audit and the financial statements incorporate the information that is required by the Companies' Law no. 1 of year 2016, and its Executive Regulations, as amended, law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its Executive Regulations and the Company's Articles of incorporation and Memorandum of Association, as amended. According to the information available to us, there were no violations have occurred of either the Companies' Law no. 1 of year 2016, and its Executive Regulations, as amended, law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its Executive Regulations or the Company's Articles of incorporation and Memorandum of Association, as amended during the financial year ended December 31, 2022 that might have had a material effect on the Company's business or its financial position.

Ali A. Al-Hasawi
License No. 30 - A
Rödl Middle East
Burgan International Accountants

March 7, 2023
State of Kuwait

Exhibit - A

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Statement of financial position as of December 31, 2022
"All amounts are in Kuwaiti Dinar"

	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	5	2,834,746	3,676,753
Various debit balances		5,449	5,455
		2,840,195	3,682,208
Non - current assets			
Investment properties	6	5,170,000	3,110,000
Property and equipment	7	2	2
		5,170,002	3,110,002
Total assets		8,010,197	6,792,210
Liabilities and equity			
Current liabilities			
Ijara payables	8	1,411,000	-
Various credit balances	9	51,361	79,997
		1,462,361	79,997
Non - current liabilities			
Provision for end of service indemnity		46,731	42,776
Equity			
Share capital	11	6,053,025	6,053,025
Treasury shares	12	(344,990)	
Statutory reserve	13	442,145	423,652
Voluntary reserve	14	165,022	146,529
Retained earnings		185,903	46,231
		6,501,105	6,669,437
Total liabilities and equity		8,010,197	6,792,210

Muhammed Saud Murdy Al Mutairy
Chairman

Fahed Saud Murdy Al Mutairy
Vice Chairman and Chief Executive Officer

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

Dalqan Real Estate Company

K.S.C. (Public)
Kuwait

Statement of profit or loss and other comprehensive income for the financial year ended December 31, 2022
"All amounts are in Kuwaiti Dinar"

	Note	2022	2021
Revenue			
Net rental income	15	**258,642**	240,260
Change in fair value of investment properties		**-**	(130,000)
Total revenue		**258,642**	110,260
Expenses and other charges			
General and administrative expenses	16	**69,754**	69,493
Provisions	17	**3,955**	3,750
Total expenses and other charges		**73,709**	73,243
Net profit for the year before KFAS, Zakat and National Labour Support Tax		**184,933**	37,017
Contribution to Kuwait Foundation for the Advancement of Science		**(1,664)**	(333)
Zakat		**(1,889)**	(408)
National Labour Support Tax		**(4,722)**	(1,019)
Net profit for the year		**176,658**	35,257
Other comprehensive income		**-**	-
Total comprehensive income for the year		**176,658**	35,257
Earning per share/(Fils)	20	**2.93**	0.58

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

Exhibit – C

Dalqan Real Estate Company

K.S.C. (Public)
Kuwait

Statement of changes in equity for the financial year ended December 31, 2022
"All amounts are in Kuwaiti Dinar"

	Share capital	Statutory reserve	Voluntary reserve	Treasury shares	Retained earnings	Total
Balance at January1, 2021	6,053,025	419,950	142,827	-	18,378	6,634,180
Net profit for the year	-	-	-	-	35,257	35,257
Transferred to reserves	-	3,702	3,702	-	(7,404)	-
Balance at December 31, 2021	6,053,025	423,652	146,529	-	46,231	6,669,437
Balance at January1, 2022	6,053,025	423,652	146,529	-	46,231	6,669,437
Purchase Treasury shares	-	-	-	(344,990)	-	(344,990)
Net profit for the year	-	-	-	-	176,658	176,658
Transferred to reserves	-	18,493	18,493	-	(36,986)	-
Balance at December 31, 2022	**6,053,025**	**442,145**	**165,022**	**(344,990)**	**185,903**	**6,501,105**

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Statement of cash flows for the financial year ended December 31, 2022
"All amounts are in Kuwaiti Dinar"

	Note	2022	2021
Cash flows from operating activities			
Net profit for the year		176,658	35,257
Adjustments			
Change in fair value of investment properties		-	130,000
Provision for end of service indemnity		3,955	3,750
Adjusted profit before the effect of change in working capital items		180,613	169,007
Various debit balances		6	1,000
Various credit balances		(28,636)	780
Net cash generated from operating activities		151,983	170,787
Cash flows from investing activities			
Investment properties		(2,060,000)	-
Net cash used in investing activities		(2,060,000)	-
Cash flows from financing activities			
Ijara payables		1,411,000	-
Paid for Purchase Treasury shares		(344,990)	-
Net cash generated from financing activities		1,066,010	-
Net (decrease)/ increase in cash and cash equivalents		(842,007)	170,787
Cash and cash equivalents at beginning of the year		3,676,753	3,505,966
Cash and cash equivalents at end of the year	5	2,834,746	3,676,753

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

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Notes to the financial statements for the financial year ended December 31, 2022
"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Incorporation and activities

Dalqan Real Estate Company was incorporated as W.L.L Company in accordance with the Articles of incorporation dated on April 21, 2003 and subsequent amendments. The legal entity of the company has been transferred from (limited liability company) to a Kuwaiti shareholding company (Public), under the name of Dalqan Real Estate Company as per the Articles of incorporation dated on July 15, 2006 by transferring all assets and liabilities to the new company based on evaluation made by an independent expert. Many changes on the company's commercial register, the last of which dated September 28, 2021.

The objectives for which the company was established are as follows:

- Owning, selling, buying and development of real estate and land on behalf of the company in the State of Kuwait and abroad as well as managing properties of others, without any violation to rules mentioned in the laws and what has been prohibited of trade in the private housing, as provided for in these laws.
- Owning, selling and buying shares and bonds of real estate companies on behalf of the company only, in Kuwait and abroad.
- Preparing studies and providing consultancies in real estate fields of all types if there are the conditions that are required to engage in providing this service.
- Carrying out maintenance works related to buildings and real estate owned to the company and to others including maintenance works and implementation of civil, mechanical and electrical works, elevators, air-conditioning to ensure the maintenance and safety of buildings.
- Organizing the real estate exhibitions related to the company's real estate projects, according to the regulations of the ministry.
- Utilizing the financial surpluses that are available to the company by investing them in financial and real estate portfolios managed by specialized companies and authorities.
- Direct contribution to put the infrastructure of residential, commercial and industrial areas and projects by system of "build, operate and transfer" (BOT) and managing real estate facilities by (BOT) system.

The company may conduct the previous mentioned business objectives inside and outside the State of Kuwait by itself or by an agent.

The company has the right to participate or subscribe in any way, in other institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to construct, participate or purchase these institutions or join them.

The company is owned directly by percentage of 51% by Dalqan Holding Group Company K.S.C (Holding).

The registered address of the company is: Al Ardiya – P.O Box 41081, Postal Code 85851 Kuwait.

These financial statements were authorized for issue by the Board of Directors on March 7, 2023.

The Shareholders' General Assembly has the authority to amend these financial statements after their issuance.

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Notes to the financial statements for the financial year ended December 31, 2022
"All amounts are in Kuwaiti Dinar unless stated otherwise"

2- Adoption of new and revised Standards

2/1) New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- **Amendments to IFRS 3 Reference to the Conceptual Framework**
  The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions. Contingent liabilities and contingent assets. An acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

- **Amendments to IAS 16 Property, Plant and Equipment- Proceeds before Intended Use**
  The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. I.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating m the manner intended by management consequently, an entity recognizes such sales proceeds and related costs in profit or loss the entity measures the cost of those items in accordance with IAS 2 Inventories.

  The amendments also clarify the meaning of "testing whether an asset is functioning properly". IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

  If not presented separately in the statement of profit or loss and comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss mat relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of profit or loss and other comprehensive income included) such proceeds and cost.

- **Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract**

  The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait

Notes to the financial statements for the financial year ended December 31, 2022
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- **Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle**
  The Annual Improvements include amendments to four standards of IFRS Accounting Standards 2018-2020 Cycle:

  - *IFRS 1 First-time Adoption of International Financial Reporting Standards*
    The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1 can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1.

  - *IFRS 9 Financial Instruments*
    The amendment clarifies that in applying the "10 per cent" test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

  - *IFRS 16 Leases*
    The amendment removes the illustration of the reimbursement of leasehold improvements.
  - *IAS 41 Agriculture*
    The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

2/2) New and revised IFRS Accounting Standards in issue but not yet effective.
At the date of authorization of these financial statements, the company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective (and (in some cases) had not yet been adopted by the (relevant body)).

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods, except if indicated below

- **IFRS 17 Insurance Contracts**
  IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

  IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

  The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

  In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

  At the same time, the IASB issued Extension of the temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

  In December 2021. the IASB issued Initial Application of IFRS 17 and IFRS 9-- Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

  IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

  For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method,

are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent s profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The management of the company anticipates that the application of these amendments may have not an impact on the company's financial statements in future periods should such transactions arise.

- **Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current**

  The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, Income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenant are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements m IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

  The management of the company anticipates that the application of these amendments may have an impact on the company's financial statements in future periods.

- **Amendments to IAS 1 Presentation of Financial Statements—Disclosure of Accounting Policies**

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

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

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

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

  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:
  - A change in accounting estimate that results from new information or new developments is not the correction of an error.
  - The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

  The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

  The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period with earlier application permuted.

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

  The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

  Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.
  Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

  The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities.
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The management of the company anticipates that the application of these amendments not have an impact on the company's financial statements in future periods should such transactions arise.

3- Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below:

3/1) Basis of the financial statements preparation

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and State of Kuwait Companies' Law requirements and subsequent amendments.
- The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements of "the Company" for the last financial year.
- These financial statements are prepared under the historical cost basis of measurement as modified by the revaluation at fair value of financial assets held as "Investment properties". These financial statements have been presented in Kuwaiti Dinars.
- The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these financial statements are disclosed in note (4).

3/2) Recognition and de-recognition of financial assets and liabilities

A financial assets or a financial liability is recognized when the Company become a party to the contractual provisions of the financial instrument. A financial asset is de-recognized either when the contractual rights to cash flows from the financial asset expire, the Company has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards, but no longer has control over the asset. A financial liability is de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

3/3) Financial liabilities/equity

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

3/4) Cash and cash equivalents

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

3/5) Trade receivable

Trade receivables are stated at their nominal value, less the allowance for any doubtful debts .The Company always measures the loss allowance for impairment for trade receivables at an amount equal to lifetime ECL.

3/6) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost. Subsequently, investment properties are revalued annually and are included in the statement of financial position at their fair values. These values are supported by market evidence and are determined by two external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties.

Any profit or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the statement of profit or loss and other comprehensive income within "change in fair value of investment properties" and "profit/loss on sale of investment properties".

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

3/7) Property and equipment

Property and equipment are stated at the historical cost less accumulated depreciation. The realizable value of property and equipment are reviewed by the management at each financial position date to determine whether the book value exceeds the realizable value in which case the book value is written down to the realizable value. If the useful lives are different from estimated lives of those assets, then the useful lives are adjusted from the beginning of the year in which the change occurred in without going into retroactive periods.

The profits or losses of selling the property and equipment recognised in the Statement of profits or losses and other comprehensive income at the difference between the selling of value and the net book value.

Property and equipment are depreciated on a straight-line basis to reduce the value of property and equipment to their residual value over their estimated useful lives over 5 years.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these properties, on the same basis as other property and equipment, commences when the properties are ready for their intended use.

3/8) Impairment

Non-derivative financial assets

Financial assets, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider. otherwise;
- indications that a debtor will enter bankruptcy; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The financial assets at amortised cost comprise of trade receivables and cash at bank under IFRS 9 and loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade receivables, contracts assets and all lease receivables that result from transactions that are within the scope of IAS 17 with an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and information on credit risk assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due. The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising the guarantee (if any is held); or
- the financial asset is more than 365 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured with the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses the financial assets carried at amortised cost. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented under general and administrative expenses in the statement of profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (property and equipment and property investment) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3/9) Accounts payable

Accounts payable are stated at their nominal value.

3/10) Provision for end of service indemnity

Provision for staff end of service indemnity has been made as per the Labour Law in the private sector and signed contracts on the assumption of ending the services of all staff at the financial position date. This obligation is not funded. The management expects that based on this method of calculation a reasonable estimate is made of the obligation of the company towards employees indemnity for past and current periods.

3/11) Treasury shares

Treasury shares consist of "The Company" company owned shares that have been issued, subsequently repurchased by "The Company" and not yet re-issued or cancelled until the financial position date. The treasury shares are treated using the cost method; under the cost method cost of the treasury shares is charged to an account in equity. When re-issued the profit recognized in equity separately "Gain on sale of treasury shares" which is not distributable, any realized losses are charged the extent of the credit balance on the same account. Any excess losses are charged to retained earnings then reserves. Realized gains subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and gain on sale of treasury shares.

No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

3/12) Equity and reserves

- Share capital represents the nominal value of shares that have been issued and paid up.
- Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the company's memorandum of association.
- Retained earnings include all current and prior period profits and losses. All transactions with owners of the company are recorded separately within equity.

3/13) Revenue recognition

- Revenue is recognized either at a certain time or over time when the company meets performance obligations by transferring goods or services to its customers.the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.The company recognizes contract obligation for amounts received in respect of unsatisfactory performance obligations and provides these, if any, as other liabilities in the statement of financial position. Similarly, if the company fulfills a performance obligation before it receives the consideration, the company recognizes either the origin of the contract or receivable, if any, in its statement of financial position, depending on whether there is anything other than the time required before the amounts are due.
- The company earns revenue from renting of its investment properties. Rental income is recognised on a straight-line basis over the period of the individual rental contracts. When the customer initially enters into a rental contract, the company usually receives an advance or a deposit or both which is recognised as a liability. The advance is recognized as revenue with the passage of time while deposit is refunded to the customer in accordance with the rental contract on termination.
- Other categories of income are recognized when earned, at the time the related services are rendered and/ or on the basis of the terms of the contractual agreement of each activity.

3/14) Borrowing costs

- Interest on loans and facilities is calculated on the accrual basis and is recognized in the statement of profit or loss in the period in which it is incurred.
- Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The capitalized borrowing costs should commence when expenditures for the asset have been incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.
- Borrowing costs that are not directly attributable to a qualifying asset are recognized as an expense in the period in which they are incurred.

3/15) Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of the resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each financial position date and adjusted to reflect the current best estimate.

3/16) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial position only when there is a legally enforceable right to set off the recognized amounts and the management intends to settle on a net basis so as to realize the assets and liabilities simultaneously.

3/17) Kuwait Foundation for the Advancement of Science

The company's contribution to KFAS is recognised as an expense and is calculated 1 % of profit after transfer to statutory reserve and before Board of Directors' remuneration, National Labour Support Tax and Zakat.

3/18) Zakat

The company's contribution to Zakat is recognised as an expense and is calculated in accordance with Ministry of Finance resolution No. 58/2007 and 46/2006.

3/19) National Labour Support Tax

The company's contribution to NLST is recognised as an expense and is calculated in accordance with Ministry of Finance resolution No. 24/2012 and law number 19/2000.

3/20) Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote, contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

4- Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these financial statements, as actual results could differ from these estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Judgments and estimates that are significant to the financial statements are shown below:

Judgments

Contingent liabilities/liabilities

Contingent liabilities arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any contingent liabilities is based on management's judgment.

Classification of real estate property

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

The company classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The company classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Key sources of estimation uncertainty

Impairment of tangible assets and useful lives

The Company's management tests annually whether tangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Company's management determines the useful lives and related depreciation and charge. The depreciation and charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Valuation of investment properties
The company records investment properties at fair value where changes in the fair value are recognized in the statement of profit or loss, three basic methods are used for determining the fair value of the investment properties.

a) Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.

b) Income capitalization: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of return from the property as per market inputs, which is known as capitalization rate.

c) Comparative analysis: which base on estimations made by an independent real estate valuer by reference to new actual deals done among other parties for similar properties in location and condition and relying on expertise of such independent real estate valuer.

5- Cash and cash equivalents

	2022	2021
Cash on hand	66,673	73,463
Current accounts at banks	2,768,073	3,603,290
	2,834,746	3,676,753

6- Investment properties

	2022	2021
Balance at January 1	3,110,000	3,240,000
Change at fair value	-	(130,000)
Additions	2,060,000	-
Balance at December 31	5,170,000	3,110,000

- The above-mentioned additions were acquired under lease contracts with a promise to purchase at end of the lease term by a local Islamic bank (note -8).

- The fair value of investment properties as of December 31, 2022 is equivalent to its book value based on an evaluation by 2 independent evaluators, one of which is a local bank.

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7- Property and equipment

	Furniture and decorations	Vehicles	Total
Cost			
Balance at January 1, 2022	1,550	1,500	3,050
Balance at December 31, 2022	1,550	1,500	3,050
Accumulated depreciation			
Balance at January 1, 2022	1,549	1,499	3,048
Balance at December 31, 2022	1,549	1,499	3,048
Net book value			
At December 31, 2022	1	1	2
At December 31, 2021	1	1	2

8- Ijara payables

	2022	2021
The total value of the obligation	1,478,022	-
future interests	(67,022)	-
The present value of the obligation	1,411,000	-

This item represents a facility contract granted by a local Islamic bank in exchange for ijara contracts due at the end of the contract period with an effective rate of return rate by 2% above the discount rate announced by the Central Bank of Kuwait.

9- Various credit balances

	2022	2021
Kuwait Foundation for Advancement of Science	13,484	11,820
Zakat	5,243	21,920
National Labour Support Tax	32,634	46,257
	51,361	79,997

10- Transactions with related parties

Transactions with related parties represent transactions with shareholders, Board of Directors Members, the company's key management personnel, their families and companies that are controlled or significantly influenced by them. The terms of these transactions are approved by the company's board of directors.

Statement of financial position and Statement of profit or loss and other comprehensive income do not include any balances or transactions with related parties during the year.

Related parties' transactions are subject to the approval of the shareholders' General Assembly.

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11- Share capital

The authorized, issued and full paid-up capital is amounting KD 6,053,025 distributed on 60,530,250 share with nominal value 100 Kuwaiti Fils of each share and all shares are in cash.

12- Treasury shares

	2022	2021
Number of Shares	1,545,456	-
Ownership percentage (relative to total capital)	%2.55	-
Market value	355,455	-
Cost	344,990	-

The company is obligated to maintain reserves of capital shares and retained earnings equivalent to the cost of purchased treasury shares, and considers them non-distributable throughout the period of their ownership by the company, in accordance with the instructions of the relevant regulatory authorities.

13- Statutory reserve

In accordance with the requirements of Companies' Law and the company's Memorandum of Association, 10% of the annual net profit before Board of Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Science, Zakat and National Labor Support Tax is transferred to the statutory reserve. The company may resolve to discontinue such transfer when the reserve totals 50% of share capital. Statutory reserve is not available for distribution except in cases stipulated by law.

14- Voluntary reserve

As required by the company's Memorandum of Association, 10% of the annual net profit before Board of Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Science, Zakat and National Labor Support Tax has been transferred to the voluntary reserve. Such annual transfers may be discontinued with a resolution from the shareholders' General Assembly upon a recommendation from the Board of Directors.

15- Net rental income

	2022	2021
Real estate revenue	290,750	274,115
Real estate expenses	(32,108)	(33,855)
	258,642	240,260

16- General and administrative expenses

	2022	2021
Staff salaries and wages	30,950	31,115
Stationary	126	108
Other	38,678	38,270
	69,754	69,493

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17- Provisions

	2022	2021
End of service indemnity	3,955	3,750

18- Proposed dividends and Board of Directors' Remuneration

On March 7, 2023 the Board of Directors' meeting was held and proposed the following:

- Non distribution of any remuneration for the Board of Directors members for the financial year ended December 31, 2022 (2021: Nil).
- Distributing cash dividends to shareholders in the amount of 3% of the paid-up capital (3 fils per share of the paid-up capital) for the financial year ending as of December 31, 2022 (2021: Nil). It also recommended the distribution of bonus treasury shares to shareholders at a rate of 2% of the total The company shares at the rate of 2 shares for every 100 shares for the financial year ending as of December 31, 2022 (2021: Nil).

These proposals are subject to the approval of the General Assembly of Shareholders.

19- General Assembly of shareholders

- On April 24, 2022 the Ordinary General Assembly of Shareholders was held and approved the financial statements for the financial year ended December 31, 2021 and non-remuneration for the Board of Directors for the financial year ended December 31, 2021 and non-distribution of dividends for the financial year ended December 31, 2021.

20- Earning per share/(Fils)

Earning per share are computed through dividing net profit for the year by the weighted average number of shares outstanding during the year, as follows:

	2022	2021
Net profit for the year	176,658	35,257
Weighted average number of shares outstanding during the year	60,530,250	60,530,250
Weighted average number of Treasury shares/(share)	(144,790)	-
Weighted average number of shares outstanding during the year/(share)	60,385,460	60,530,250
Earning per share/(Fils)	2.93	0.58

21- Financial instruments and risks management

A) Financial instruments:

Significant accounting policies

Details of the significant accounting policies - including the criteria for measurement and recognition of revenue and expenses - in respect of each class of financial assets and liabilities are disclosed in note (3) to the financial statements.

Categories of financial instruments

The company's financial assets and financial liabilities are classified in the statement of financial position as follows:

Financial assets

	2022	2021
Cash and cash equivalents	2,834,746	3,676,753
Various debit balances	5,449	5,455
	2,840,195	3,682,208

Financial liabilities

	2022	2021
Ijara payables	1,411,000	-
Various credit balances	51,361	79,997
	1,462,361	79,997

Fair value of financial instruments

Fair value is defined as the amount at which an asset could be exchanged or a liability settled in a current transaction between knowledgeable willing parties in an arm's length transaction. The company used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid market (if any) is determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar financial instruments.

The fair value of financial instruments carried at amortized cost are not significantly different from their carrying values.

B) Financial risks management

The company uses financial instruments that are exposed to variety of financial risks such as credit risks, liquidity risks and market risks.

The company continuously reviews its risks exposure and takes the necessary procedures to limit these risks to acceptable levels.

- **Credit risks**

  Credit risks are the risks that one party to a financial instrument will fail to pay an obligation causing the other party to bear a financial loss. Financial assets, which potentially expose the Company to credit risks, consist principally of cash and cash equivalents. Cash and cash equivalents of the Company are placed in financial institutions with high credit repute.

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- **Liquidity risks**

  Liquidity risks are the risks that the company will be unable to meet its cash obligations. The management of liquidity risks consists of keeping sufficient cash and arranging financing sources through enough facilities, retaining highly liquid assets and monitoring liquidity on a periodical basis through the method of future cash flows.

  The maturity of liabilities stated below is based on the period from the financial position date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time period in which the asset will be collected or disposed and the liability settled.

  The maturity analysis of liabilities as of December 31, 2022 is as follows:

	Within one year	More than 5 years	Total
Ijara payables	1,411,000	-	1,411,000
Various credit balances	51,361		51,361
Provision for end of service indemnity	-	46,731	46,731
	1,462,361	46,731	1,509,092

  The maturity analysis of liabilities as of December 31, 2021 is as follows:

	Within one year	More than 5 years	Total
Various credit balances	79,997	-	79,997
Provision for end of service indemnity	-	42,776	42,776
	79,997	42,776	122,773

- **Market risks**

  Market risks, comprise of foreign currency risks, interest rate risks and equity price risks these risks arise due to changes in market prices of equities, interest rates and foreign currencies rates.

  Foreign currencies risks

  Foreign currency risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

  Foreign currencies risks arise from transactions in foreign currencies. The company manages these risks by setting limits on transactions in foreign currencies and counterparties and limiting its transaction business in major currencies with reputable counterparties.

  Interest rate risks

  Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in interest rates in the market.

  Interest rate risks arise from long-term borrowings. Borrowings at variable interest rates expose the company to cash flow interest rate risks. Borrowings at fixed interest rates expose the company to fair value risks due to changes in interest rates.

Currently, the company has no significant interest-bearing assets or long term borrowings, the company's profit or loss and other comprehensive income and operating cash flows are substantially not affected by the changes in market interest rates.

Equity price risks

Equity price risks are the risks that the fair values of equities fluctuate as the result of changes in the levels of equity indices and the value of individual stocks. This risks results due to the changes in the fair value of the investments in stocks.

Currently, the company is not exposed to equity price risks as the company does not deal or retain financial investments.

22- Capital risks management

The company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders and other stakeholders through the optimization of the debt and equity balance.

The capital structure of the company comprises of equity interests that include share capital, reserves and retained earnings.

Currently, the company does not have borrowings or bank facilities.

23- Comparative figures

Certain comparative figures for the previous financial year have been reclassified to conform with current financial year classification.