Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait
The consolidated financial statements
for the financial year ended December 31, 2022
with
Independent auditor's report

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait
The consolidated financial statements
for the financial year ended December 31, 2022
with
Independent auditor's report

Contents

Rödl
Middle East
Burgan - International Accountants

Independent auditor's report

The Shareholders,
Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dalqan Holding Company - K.S.C. - (closed) – (the parent company) - and its subsidiaries (together referred to as "the Group") which comprise the consolidated statement of financial position as of December 31, 2022, the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and its consolidated financial performance and its consolidated 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 consolidated financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Board of director Report

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

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements, including disclosures, and whether the consolidated financial statements express transactions and related events in a manner that achieves the fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Furthermore, in our opinion proper books of account have been kept by "the parent company" and physical counting was carried out in accordance with recognized practice and the consolidated financial statements, together with the contents of the report of the parent company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of year 2016 and its executive regulations, as amended, and by the parent company's Memorandum of Incorporation and Articles of Association, as amended, according to the information available to us during the year ended December 31, 2022, there were, no violations of the Companies Law No. 1 of year 2016 and its executive regulations, as amended, or of the parent company's Memorandum of Incorporation and Articles of Association as amended, have occurred during the year that might have had a material effect on the business of "the parent company" or on its consolidated financial position.

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

May 16, 2023
State of Kuwait

Exhibit - A

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

Consolidated 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	6	**7,553,211**	8,468,294
Accounts receivable and other debit balances	9	**27,923,692**	24,269,837
Inventory	10	**28,176,262**	23,975,227
		63,653,165	56,713,358
Non-current assets			
Investments in unconsolidated subsidiaries	7	**585,000**	-
Investments at fair value through other comprehensive income	8	**1,922,098**	1,473,677
Investment properties	11	**5,170,000**	3,110,000
Intangible assets	12	**447,305**	546,020
Right-of-use assets	13	**58,495**	146,358
Property and equipment	14	**757,999**	861,401
		8,940,897	6,137,456
Total assets		**72,594,062**	62,850,814
Liabilities and equity			
Current liabilities			
Murabahat payables – current portion	15	**15,096,424**	10,262,845
Notes payable	16	**2,497,050**	2,477,649
Ijara payables	18	**1,411,000**	-
Lease liabilities –current portion	13	**82,426**	87,101
Accounts payable and other credit balances	17	**2,363,626**	2,307,199
		21,450,526	15,134,794
Non-current liabilities			
Murabahat payables – non-current portion	15	-	1,971,125
Lease liabilities – non current portion	13	-	73,168
Provision for end of service indemnity		**789,478**	640,313
		789,478	2,684,606
Equity			
Share capital	19	**20,412,000**	20,412,000
Statutory reserve	20	**3,328,440**	2,917,405
Voluntary reserve	21	**2,807,478**	2,396,443
Change at fair value reserve		**11,070**	-
Foreign currency translation reserve		**(285)**	(215)
Retained earnings		**10,815,325**	7,626,479
Equity attributable to shareholders of "the parent company"		**37,374,028**	33,352,112
Non-controlling interests		**12,980,030**	11,679,302
Total equity		**50,354,058**	45,031,414
Total liabilities and equity		**72,594,062**	62,850,814

Bader Refaa Al Mutairy	**Mutaib Metlq Al Masoud**
Chairman	**Vice Chairman**

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

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

Consolidated statement of profit or loss for the financial year ended December 31, 2022
"All amounts are in Kuwaiti Dinar"

	Note	2022	2021
Revenue			
Sales		**74,608,660**	63,307,706
Cost of sales	22	**(64,766,406)**	(54,843,143)
Gross profit		**9,842,254**	8,464,563
Net income from investment properties		**258,642**	240,260
Change in fair value of investment properties		**-**	(130,000)
Other income		**195,346**	215,883
Total revenue		**10,296,242**	8,790,706
Expenses and other charges			
General and administrative expenses	23	**3,087,614**	2,486,262
Finance charges		**936,592**	783,494
Lease liabilities interest	13	**10,246**	14,899
Provisions	24	**780,875**	750,825
Total expenses and other charges		**4,815,327**	4,035,480
Net profit for the year before KFAS and Zakat		**5,480,915**	4,755,226
Contribution to Kuwait Foundation for the Advancement of Science		**(46,439)**	(40,353)
Zakat		**(52,996)**	(46,084)
Net profit for the year		**5,381,480**	4,668,789
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**5,381,480**	4,668,789
Attributable to:			
Shareholders of the parent company		**4,010,916**	3,515,079
Non-controlling interests		**1,370,564**	1,153,710
		5,381,480	4,668,789
Earnings per share attributable to the shareholders of "the parent company "/(Fils)	26	**19.65**	17.22

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

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

	2022	2021
Net profit for the year	**5,381,480**	4,668,789
Other comprehensive income:		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Foreign currency translation	**(70)**	(215)
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:		
Change at fair value of investments in value through other comprehensive income	**11,182**	-
Other comprehensive income for the year	**11,112**	(215)
Total comprehensive income for the year	**5,392,592**	4,668,574
Attributable to:		
Shareholders of "the Parent Company"	**4,021,916**	3,514,864
Non-controlling interests	**1,370,676**	1,153,710
Total comprehensive income for the year	**5,392,592**	4,668,574

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

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

	Equity attributable to the shareholders of "the parent company"								
	Share capital	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Change at fair value reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at January 1, 2021	20,412,000	2,557,253	2,036,291	-	-	4,831,704	29,837,248	9,880,841	39,718,089
Net profit for the year	-	-	-	-	-	3,515,079	3,515,079	1,153,710	4,668,789
Other comprehensive income	-	-	-	(215)	-	-	(215)	-	(215)
Total comprehensive income for the year	-	-	-	(215)	-	3,515,079	3,514,864	1,153,710	4,668,574
Transferred to reserves	-	360,152	360,152	-	-	(720,304)	-	-	-
Effect of change on non-controlling	-	-	-	-	-	-	-	644,751	644,751
Balance at December 31, 2021	20,412,000	2,917,405	2,396,443	(215)	-	7,626,479	33,352,112	11,679,302	45,031,414
Balance at January 1, 2022	20,412,000	2,917,405	2,396,443	(215)	-	7,626,479	33,352,112	11,679,302	45,031,414
Net profit for the year	-	-	-	-	-	4,010,916	4,010,916	1,370,564	5,381,480
Other comprehensive income	-	-	-	(70)	11,070	-	11,000	112	11,112
Total comprehensive income for the year	-	-	-	(70)	11,070	4,010,916	4,021,916	1,370,676	5,392,592
Transferred to reserves	-	411,035	411,035	-	-	(822,070)	-	-	-
Effect of change on non-controlling interests	-	-	-	-	-	-	-	(69,948)	(69,948)
Balance at December 31, 2022	**20,412,000**	**3,328,440**	**2,807,478**	**(285)**	**11,070**	**10,815,325**	**37,374,028**	**12,980,030**	**50,354,058**

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

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

Consolidated 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		**5,381,480**	4,668,789
Adjustments:			
Change in fair value of investment properties			130,000
Depreciation and amortization		**590,431**	586,979
Provision for ECL		**-**	2,500
Provision for end of service indemnity		**106,364**	99,570
Finance charges		**936,592**	783,494
Lease liabilities interest		**10,246**	14,899
Operating profit before calculating the effect of changes in working capital items		**7,025,113**	6,286,231
Accounts receivable and other debit balances		**(3,100,053)**	(1,711,796)
Inventory		**(3,533,202)**	(2,178,437)
Accounts payable and other credit balances		**18,733**	(149,917)
Cash generated from operations		**410,591**	2,246,081
End of service indemnity paid		**(4,531)**	(15,232)
Net cash generated from operating activities		**406,060**	2,230,849
Cash flows from investing activities			
Paid for purchase investment properties		**(2,060,000)**	-
Paid to acquire subsidiaries		**(1,415,604)**	-
Investments at fair value through other comprehensive income		**(437,239)**	(62,927)
Intangible assets		**(45,000)**	(50,000)
Property and equipment		**(152,592)**	(469,855)
Net cash used in investing activities		**(4,110,435)**	(582,782)
Cash flows from financing activities			
Murabahat payables		**2,862,454**	(529,848)
Notes payable		**19,401**	650,874
Ijara payables		**1,411,000**	-
Lease liabilities interest – paid		**(77,843)**	(87,101)
Finance expenses paid		**(936,592)**	(783,494)
Lease liabilities interest		**(10,246)**	(14,899)
Net cash generated from/(used in) financing activities		**3,268,174**	(764,468)
Net movement on non-controlling interests		**(543,800)**	(135,277)
Foreign currency translation		**(83)**	(215)
Net (decrease)/increase in cash and cash equivalents		**(980,084)**	748,107
Cash and cash equivalents at beginning of the year		**8,468,294**	7,405,733
Cash and cash equivalents resulting from acquisition of a subsidiaries		**65,001**	314,454
Cash and cash equivalents at end of the year	6	**7,553,211**	8,468,294

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

1- Incorporation and activities of the parent company

Dalqan Holding Company K.S.C. (closed) "the Parent Company" – was established accordance with the Articles of Association dated December 1, 2003. Several changes have been made to the Commercial Register, the last of which dated on September 7, 2020.

The objectives for which the parent company was established are:

- Owning shares in Kuwaiti or foreign joint stock companies, as well as owning shares or stakes in Kuwaiti or foreign limited liability companies, or participating in establishing these companies of both types, managing them, lending to them, and guaranteeing them to third parties.
- Lending to companies in which it owns shares with others. In this case, the holding company's share in the borrowing company's capital must not be less than 20%.
- Owning industrial property rights such as patents, industrial trademarks, industrial designs, or any other related rights and leasing them to other companies for exploitation, whether inside or outside Kuwait.
- Ownership of movables and real estate for the performance of its activities to acceptable limits in accordance with the law.
- Utilizing the financial surpluses that available to the Group through investing them in financial portfolios managed by specialized companies and authorities.

The parent 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 parent company operates through its offices located in Al-Ardiya area, and its postal code is: P.O. Box 41081 - Postal Code 85851, State of Kuwait.

The consolidated financial statements for the financial year ended December 31, 2022 were authorized for issue by the Board of Directors of "the Parent Company" on May 16, 2023.

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 group 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 consolidated 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 consolidated 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 consolidated statement of profit or loss and comprehensive income, the consolidated 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 consolidated 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).

- **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.

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

2/2) New and revised IFRS Accounting Standards in issue but not yet effective.

At the date of authorization of these consolidated financial statements, the group has not applied the following new and revised IFRS 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 consolidated financial statements of the group 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 group anticipates that the application of these amendments may have not an impact on the group's consolidated 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 consolidated 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 Group anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

- **Amendments to IAS 1 Presentation of the Consolidated 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 Board of Directors of the group anticipates that the application of these amendments not have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

3- Significant accounting policies

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

3/1) Basis of the consolidated financial statements preparation

- The consolidated 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 consolidated financial statements are consistent with those used in the preparation of the financial statements for the last financial year.
- These consolidated financial statements have been prepared on the historical cost basis, modified by the revaluation of certain financial assets (investments at fair value through other comprehensive income). These consolidated financial statements are presented in Kuwaiti Dinars.
- The preparation of the consolidated 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 consolidated 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 consolidated financial statements are disclosed in note (4).

3/2) Basis of financial statements consolidation

The consolidated financial statements include the financial statements of Dalqan Holding Company - K.S.C closed ("the Parent Company") and its subsidiaries (together referred to as "the Group") disclosed under Note (5).

Subsidiaries are those companies controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control is maintained by the Parent Company when:

- Exercise power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee,
- Ability to use its power to affect the investee returns.

When "the Parent Company" does not has majority voting rights in the investee, the Parent Company takes into consideration facts and other factors in assessing the control, which include:

- Contractual arrangement between "the Parent Company" and other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent Company's voting rights;
- Other potential voting rights.

The financial statements of subsidiaries acquired or disposed are included in the consolidated financial statements from the date the control effectively commences until the date that control effectively end.

The financial statements of the subsidiaries are consolidated on a line–by–line basis by adding together alike items of assets, liabilities, revenues and expenses. All inter–company balances and transactions, including unrealized profits or losses arising from inter–company transactions, are fully eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.

The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries' financial year date and the Parent Company's financial year date.

Non–controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non–controlling interests consist of the amount of that equity at the date of the original business combination and the non–controlling interest share of changes in equity since the date of the combination. The losses of subsidiaries are attributed to the non–controlling interests even if that resulted in a balance deficit.

The carrying values of the controlling and non-controlling interests are restated to reflect the changes in their interest in the subsidiaries, and any difference between the value in which the non-controlling interests have been Restated and the fair value of the amount paid or received directly is recognized in equity and is available to the shareholders of the parent company. Non-controlling interests are presented separately in the consolidated statement of financial position, profit or loss and other comprehensive income. Non-controlling interests are classified as financial liabilities to the extent to which there is an obligation that must be paid in cash or the delivery of other financial assets to settle the non-controlling interests.

When ownership of subsidiaries changes without loss of control, the transaction is accounted for within equity. However, when control is lost as a result of change in ownership, then:

- Derecognize the assets and liabilities of the subsidiaries reported in consolidated statement of financial position (including goodwill);
- Recognize any remaining investment of the subsidiaries at fair value at date of loss of control;
- Derecognize non–controlling interests.
- Recognize the profit or loss resulting from the loss of control in the consolidated statement of profit or loss and other comprehensive income.

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

A financial asset or a financial liability is recognized when the group become a party to the contractual provisions of the instrument. A financial asset is de-recognized either when the contractual rights to cash flows from the financial asset expire, the group 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.

3/4) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.
Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of Group of similar financial assets) is derecognised when:

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

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

Classification of financial assets
For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through Other Comprehensive Income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

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

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

Subsequent measurement of financial assets

- **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

Equity investments at FVTOCI
On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading in the following cases:

- It was acquired principally for the purpose of selling it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

- **Financial assets at FVTPL**

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below). The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group's financial assets at FVTPL comprise of the following:

- Investment in bonds
- Investment in equity shares

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 Group on terms that the Group 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 Group 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 Group 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 Group's historical experience and information on credit risk assessment and including forward-looking information.

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

- The debtor is likely to pay its credit obligations to the Group in full, without recourse by the Group 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 Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group 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 consolidated statement of profit or loss.

3/5) 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 consolidated statement of cash flows.

3/6) Trade receivable

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

3/7) Inventory

Inventory is valued at the lower of cost and net realizable value after making allowance for any slow moving and obsolete stocks. Cost is determined on first in first out method. Purchase cost includes the purchase price, import duties, transportation, handling and other direct costs.

3/8) 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".

3/9) Intangible assets

Identifiable non-monetary assets acquired in connection with the business and from which future benefits are expected to flow are treated as intangible assets. Intangible assets with indefinite useful lives are not subject to amortization and are tested at least annually for impairment.

Intangible assets are amortized on a straight - line basis over their estimated useful life as follow:

Key money	5 years
Franchise agencies	8 – 10 years

3/10) Right of use assets

Right of use assets usual is depreciated during their useful lives and condition lease contracts on basis fixed installment whichever is less if the Group is reasonably sure practice of choosing and right use assets deprecation for assets from throughout life for assets and management reviews the annual audit useful lives for these assets future deprecation ratios can be adjusted when the management believes there is difference in its useful life from the previous estimates .when these adjustments are considered necessary at the end of the current year or comparison year.

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

3/11) Property and equipment

Property and equipment are stated at the historical cost less accumulated depreciation. The realizable value of property and equipment are reviewed at each consolidated 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 consolidated 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 straight-line basis to reduce the value to its residual value over their estimated useful lives as follows:

Buildings	20 years
Machinery and equipment	5 years
Vehicles	5 years
Decorations	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.

3/12) Murabahat payables

Murabahat payables are recognized with the value of contracts received net of cost of transaction. Subsequently Murabahat are measured at the amortized cost provided that the difference between the net receivables and the amount to be settled will be charged to the Statement of profit or loss and other comprehensive income for the period covering that finance by the effective cost method.

3/13) Accounts payable

Accounts payable are stated at their nominal value.

3/14) 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 consolidated 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 group towards employees' indemnity for past and current periods.

3/15) Equity and reserves

Share capital represents the nominal value of the issued and paid-up shares.

The statutory and voluntary reserves consist of appropriations for current and prior period profits in accordance with the requirements of the Companies Law and the parent company's articles of association.

Retained earnings include all current and prior period profits and losses. All transactions with the shareholders of the Group are recorded separately in the consolidated statement of equity.

3/16) Foreign currencies

The functional currency of the company is the Kuwaiti Dinar ("KD") and accordingly, the consolidated financial statements are presented in KD. Transactions denominated in foreign currencies are translated into KD at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into KD at rates of exchange prevailing at the consolidated financial position date. The resultant exchange differences are taken to the consolidated Statement of profit or loss and other comprehensive income.

3/17) Revenue recognition

- Revenue is recognized either at a certain time or over time when the group 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. Revenue is recognized either at a certain time or over time when the group meets performance obligations by transferring goods or services to its customers. The group recognizes contract obligation for amounts received in respect of unsatisfactory performance obligations and provides these, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the group fulfills a performance obligation before it receives the consideration, the group recognizes either the origin of the contract or receivable, if any, in its consolidated statement of financial position, depending on whether there is anything other than the time required before the amounts are due.
- Rental income of investment properties are recognized on an accrual basis in accordance with the contracts concluded.
- Gain on sale of investments in securities is measured by the difference between the net sales proceeds and the book value of the investment sold.
- Dividends income from investments is recognized when the Group's right to receive payment is established.
- 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.

3/18) Lease

Accounting policy applicable from 1 January 2019:

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.
Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.
Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in, in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. [if applicable]

Right-of-use assets and lease liabilities have been presented on the face of the Consolidated statement of financial position. (option 1)

On the separate Consolidated statement of financial position, the right to use the asset is presented that includes property, plant and equipment (except for those to which the definition of real estate investments applies) (if applicable) and lease liabilities are included in other receivables and liabilities (option 2).

The Company as a lessor
The Company's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Accounting policy applicable before 1 January 2019
The Company as a lessee
Finance leases
The Company applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note in the year-end Consolidated financial statements for the depreciation methods and useful lives for assets held under finance leases.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases
All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Company as a lessor
The Company also earns rental income from operating leases of its investment properties (if any). Rental income is recognised on a straight-line basis over the term of the lease.

3/19) Finance charges
Interest on borrowings is calculated on the accrual basis and is recognized in the consolidated statement of profit or loss in the period in which it is incurred.

3/20) Provisions
Provisions are recognized when the Group 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 consolidated financial position date and adjusted to reflect the current best estimate.

3/21) Kuwait Foundation for the Advancement of Science
The Group's contribution to KFAS is recognized as an expense and is calculated as 1% of profit after transfer to statutory reserve and before Board of Directors' remuneration, National Labour Support Tax and Zakat.

3/22) Zakat
The Group's contribution to Zakat is recognized as an expense and is calculated in accordance with Minister of Finance resolution No. 58/2007 and 46/2006.

3/23) Contingent liabilities and assets
Contingent liabilities are not recognized in the consolidated 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 the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from these estimates. It also requires management to exercise its judgment in the process of applying the group accounting policies. Judgments and estimates that are significant to the consolidated 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 Investments

The Group's management decides upon acquisition of an investment whether it should be classified as "investments at fair value through profit or loss", "available for sale," or as "loans and receivables." In making such assessments, the Group considers the primary purpose of the acquisition and how it intends to manage and evaluate its performance. This assessment determines whether the investment will be subsequently measured at cost or fair value, and whether changes in the fair value of the instruments will be recognized in the consolidated statement of profit or loss or directly in equity.

Lease contracts

The main elements of uncertainty estimate in the application of IFRS 16 include the following:

- Estimate the lease term
- Determine the appropriate discount rate for lease payments
- Assessing whether the right of use assets have decreased in value

Key sources of estimation uncertainty

Impairment of tangible and intangible assets and useful lives

The Group's management tests annually whether tangible and intangible 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 Group's management determines the useful lives and related depreciation and amortisation charge. The depreciation and amortisation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

5- The subsidiaries

These consolidated financial statements include the financial statements of Dalqan Holding Company K.S.C. (closed) and its subsidiaries, as described below:

Company name	Country	Activity	Ownership percentage% 2022	Ownership percentage% 2021
Al Eid Food Company K.S.C. (Public)	Kuwait	Food and beverages	**%63.07**	%63.07
Dalqan Real Estate Company K.S.C. (Public)	Kuwait	Real Estate investment	**%71.03**	%71.03
Al-Ashraf Central Market Company –W.L.L	Kuwait	Central Market	**%99**	%98
Zero One Food Company – W.L.L	Kuwait	Foodstuff trade	**%65**	%65
Zohor Al Reef General Trading and Contracting Company W.L.L	Kuwait	General Trading & Contracting	**%99**	%99
Click Ventures General Trading Company – W.L.L	Kuwait	General Trading	**%98**	88%
Gulf Hospitality Food Company	Kuwait	Foodstuff	**%50**	%50
Eurolink General Trading Company	Kuwait	General Trading	**%51**	%51
Dalqan Food Company	Kuwait	Foodstuff	**%99**	%99
Tabarak United Company for Food, Vegetables and Fruits	Kuwait	Foodstuff, vegetables and fruits	**%51**	%51
Top Trust Food Trading Company	UAE	Food and beverages	**%100**	%100
Rose Gulf for Food Packaging Company –W.L.L.	Kuwait	Foodstuff packaging	**%50**	-
Fajr Al-Ittihad Trading Company –W.L.L.	Kuwait	Commission Agent, Import and Export	**%51**	-
Global Alliance International General Trading Company for Foodstuffs –W.L.L.	Kuwait	General Trading Foodstuff	**%99**	-
City International Arabiya for General Trading Company – W.L.L.	Kuwait	General Trading	**%51**	-

- During the current financial year, "the Parent Company" acquired shares in the ownership of (Rose Gulf for Food Packaging Company – W.L.L. , Fajr Al-Ittihad Trading Company – W.L.L. , Global Alliance International General Trading Company for Foodstuffs – W.L.L. , City International Arabiya for General Trading - W.L.L.) with share percentage of (50%, 51%, 99%, 51%) respectively. According to purchase and transfer contracts, the ownership of the above-mentioned shares was transferred in the name of the parent company. Accordingly, "the parent company" exercises significant control over the financial and operating policies of these companies, these companies were classified as subsidiaries and their financial statements were consolidated starting from the date of acquisition (Note - 28).
- During the current financial year, the Group increased its ownership in the subsidiary company (Al Ashraf Central Market Company – W.L.L. and Click Ventures General Trading Company W.L.L).

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

6- Cash and cash equivalents

	2022	2021
Cash on hand	**486,184**	382,408
Cash at banks	**7,067,027**	8,085,886
	7,553,211	8,468,294

7- Investments in unconsolidated subsidiaries

During the current year, "the parent company" established and acquired shares in the ownership of (Magic Pack Central Market company W.L.L, Panorama Car Company for the Sale of Motor Vehicles W.L.L, Value Pack company for Household and Consumer Tools and Utensils W.L.L) and since "the parent company" exercises significant control over the financial and operating policies of those companies, those companies were classified as subsidiaries and the audited financial statements of those companies were issued as of December 31, 2022, therefore they were consolidated within the consolidated financial statements as of December 31, 2022 (Note - 5).

8- Investments at fair value through other comprehensive income

Investments at fair value through other comprehensive income represent equity securities not held for trading. In accordance with the International Financial Reporting Standard, management has taken an irrevocable decision to recognize changes in their fair value through other comprehensive income, as they are strategic investments.

The movement of investments at fair value through other comprehensive income during the year is as follows:

	2022	2021
Balance at January 1,	**1,473,677**	1,410,750
Additions	**437,239**	62,927
Change at fair value reserve	**11,182**	-
Balance at December 31,	**1,922,098**	1,473,677

Investments at fair value through other comprehensive income were valued at fair value in accordance with the valuation methods disclosed in (Note - 31).

9- Accounts receivable and other debit balances

	2022	2021
Trade receivables	**23,308,039**	20,255,082
Provision for expected credit losses	**(582,282)**	(572,662)
	22,725,757	19,682,420
Cheques under collection	**4,748,324**	4,152,600
Accrued revenues	**-**	52,120
Refundable deposits	**374,387**	268,963
Others	**75,224**	113,734
	27,923,692	24,269,837

The maximum exposure to credit risk at the consolidated statement of financial position date is disclosed in (Note - 31) to these consolidated financial statements. The other classes within other receivables are neither past due nor impaired.

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

Trade receivables ageing were as follows December 31,

2022

During 30 days	30-60 days	60-90 days	90-120 days	<120 days	Total
4,070,141	**6,705,579**	**5,937,124**	**3,101,899**	**3,493,296**	**23,308,039**

2021

During 30 days	30-60 days	60-90 days	90-120 days	<120 days	Total
4,115,304	4,723,602	2,999,479	4,116,117	4,300,580	20,255,082

The movement of the provision for expected credit losses' during the year is as follows:

	2022	2021
Balance at January 1,	**572,662**	561,812
Expected credit losses charged during the year	**-**	2,500
Result of acquisition of a subsidiary	**9,620**	8,350
Balance at December 31,	**582,282**	572,662

10- Inventory

	2022	2021
Goods at warehouses	**20,572,554**	17,005,619
Provision for slow moving goods	**(174,290)**	(166,054)
	20,398,264	16,839,565
Goods in transit	**7,777,998**	7,135,662
	28,176,262	23,975,227

11- 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 additions mentioned above were acquired according to Ijara contracts with a promise to purchase at end of the lease term by one of the local Islamic banks (Note -18).
- The fair value of investment properties as of December 31, 2022 has been recorded based on an evaluation by 2 independent evaluators, one of which is a local bank.

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

12- Intangible assets

	Key Money	Franchise agencies	Total
Cost			
Balance at January 1 2022	1,658,551	344,625	2,003,176
Additions	45,000	-	45,000
Balance at December 31, 2022	1,703,551	344,625	2,048,176
Accumulated amortization			
Balance at January 1 2022	1,126,540	330,616	1,457,156
Charged for the year	129,711	14,004	143,715
Balance at December 31, 2022	1,256,251	344,620	1,600,871
Net book value			
At December 31, 2022	**447,300**	**5**	**447,305**
At December 31, 2021	532,011	14,009	546,020

13- Right of-use-assets and lease contracts

When applying IFRS 16 (Leases), and since the Company is the lessee, the Company recognized the right to use the assets and liabilities of a building lease contract as follows:

Right of use-assets	**Warehouse and administration building**	
	2022	2021
Net current value		
January 1,	**146,358**	234,221
December 31,	**58,495**	146,358
Depreciation expense for the year ending December 31,	**(87,863)**	(87,863)

Lease liabilities

	2022	2021
Lease contract liabilities - current portion	**82,426**	87,101
Lease contract liabilities - non-current portion	-	73,168
	82,426	160,269

The table below shows the different types of rental-related expenses recognized in the statement of profit or loss and other comprehensive income:

	2022	2021
Depreciation of the right of use assets	**87,863**	87,863
Interest of lease liabilities (Exhibit - B)	**10,246**	14,899

Short-term leases recognized in the consolidated statement of profit or loss during the financial year ending December 31, 2022 amounted to KD 893,730 (2021: KD 743,162) (Note - 23).

14- Property and equipment

	Buildings*	Machinery and equipment	Vehicles	Decorations	Total
Cost					
Balance at January 1, 2022	974,905	908,487	1,052,588	746,911	3,682,891
Additions	-	81,876	56,587	14,129	152,592
Result of acquisition of a subsidiary	-	62,487	23,018	17,342	102,847
Foreign currency translation	-	6	-	7	13
Balance at December 31, 2022	974,905	1,052,856	1,132,193	778,389	3,938,343
Accumulated depreciation					
Balance at January 1, 2022	884,904	621,621	819,420	495,545	2,821,490
Charged for the year	45,000	109,565	119,022	85,266	358,853
Foreign currency translation	-	1	-	-	1
Balance at December 31, 2022	929,904	731,187	938,442	580,811	3,180,344
Net book value					
At December 31, 2022	**45,001**	**321,669**	**193,751**	**197,578**	**757,999**
At December 31, 2021	90,001	290,104	232,740	248,556	861,401

* Property and equipment item includes a building mortgaged against Murabahat payables (Note - 15).

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

15- Murabahat payables

This item represents the value of Murabaha agreements with Islamic financial institutions. The effective cost rate at the consolidated financial position date ranges between 5% and 5.75% (2021: 4.5% to 5.5%). The facilities are granted against the personal guarantee of members of the board of directors of one of the subsidiaries and the joint guarantee of the parent company in addition to the mortgage of the property of one of the subsidiaries located in the Al-Ardiya area (Note - 14) and the mortgage of shares owned by one of the subsidiaries.

The installments which are due within a year from the consolidated financial position date are classified as current liabilities and those which are due afterwards are classified as non-current liabilities as follows:

	2022	2021
Current portion	**15,096,424**	10,262,845
Non-current portion	**-**	1,971,125
	15,096,424	12,233,970

16- Notes payable

This item represents the value of notes payable due within three months from the date of the consolidated financial position to a local bank according to facilities granted by this bank to finance the Group's ordinary activity with an annual variable interest rate of 2.5% above the discount rate announced by the Central Bank of Kuwait. These bank facilities are granted against joint guarantees of related parties.

17- Accounts payable and other credit balances

	2022	2021
Trade payables	**257,631**	159,502
Advance payments from customers	**36,637**	-
Provision for staff leave	**111,489**	71,829
Accrued expenses	**37,758**	37,796
KFAS	**247,155**	200,716
Zakat	**254,835**	237,790
Due from related parties (note – 27)	**1,213,980**	1,266,413
National Labour Support Tax	**204,141**	333,153
	2,363,626	2,307,199

18- 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 one of the local Islamic banks of one of the subsidiaries against ijara contracts due at the end of the contract period with an effective rate of return rate of 2% above the discount rate announced by the Central Bank of Kuwait.

19- Share capital

The Parent Company's authorized, issued and full paid-up capital is KD 20,412,000 (Twenty Million Four Hundred Twelve Thousand Kuwaiti Dinars) distributed on 204,120,000 shares (Two Hundred Four Million One Hundred Twenty Thousand shares) with nominal value of 100 Fils (One Hundred Fils) of each share and all shares are in cash.

20- Statutory reserve

In accordance with the requirements of Companies' Law and the parent company's Articles of Association, 10% of the annual net profit before Board of Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Science and Zakat is transferred to the statutory reserve. Such transfer may discontinue when the reserve equals 50% of share capital. Distribution of this reserve is limited to the amount required to distribute dividends to shareholders not exceeding 5% of the paid-up capital in years in which retained earnings do not cover this amount.

21- Voluntary reserve

As required by the parent company's Articles of Association, 10% of the annual net profit before Board of Directors' remuneration, contribution to Kuwait Foundation for the Advancement of Science and Zakat is transferred to the voluntary reserve. This reserve is distributable subject to the approval of the shareholders general assembly. Such transfer may discontinue with a resolution from the General Assembly of shareholders of the parent company upon a recommendation from the Board of Directors.

22- Cost of sales

	2022	2021
Beginning inventory	**17,005,619**	14,117,217
Result of acquisition of a subsidiary	**264,409**	959,932
Purchases	**67,671,760**	56,423,818
	84,941,788	71,500,967
Foreign currency translation	**2,220**	(289)
Ending inventory	**(20,177,602)**	(16,657,535)
	64,766,406	54,843,143

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

23- General and administrative expenses

	2022	2021
Staff cost	**1,587,041**	1,223,090
Rents	**893,730**	743,162
Maintenance expenses	**109,754**	93,953
Postage and telephone	**36,688**	19,402
Other	**460,401**	406,655
	3,087,614	2,486,262

24- Provisions

	2022	2021
Depreciation and amortization	**590,432**	586,979
End of service indemnity and staff-leave	**190,443**	161,346
Expected credit losses	**-**	2,500
	780,875	750,825

25- Proposed dividends and Board of Directors' remuneration

On May 16, 2023 the Board of Directors of the parent company held and proposed the following:

- Non distribution of remuneration for the Board of Directors members for the financial year ended December 31, 2022 (2021: Nil).
- Non distribution of bonus shares for the financial year ending December 31, 2022 (2021: Nil).

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

26- Earnings per share attributable to shareholders of "the parent company" /(Fils)

Earnings per share attributable to shareholders of "the parent company" is calculated through dividing the net profit for the year attributable to shareholders of "the parent company" by the weighted average number of shares outstanding during the year as follows:

	2022	2021
Net profit for the year attributable to shareholders of "the parent company"	**4,010,916**	3,515,079
Weighted average number of issued and outstanding shares during the year	**204,120,000**	204,120,000
Earnings per share attributable to shareholders of "the parent company" /(Fils)	**19.65**	17.22

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

27- Transactions with related parties

The related parties represent transactions with shareholders, Board of Directors Members, the Parent Company's key management personnel, their families and companies in which they own significant shares or significantly influenced by them. The transactions between the Group and these parties are conducted on commercial basis with the management's approval. The related parties' transactions are subject to the approval of the shareholders' General Assembly.

The balances and transactions with related parties which are included in the consolidated financial statements are as follows:

Consolidated statement of financial position

	2022	2021
Due to related parties (Note – 17)	**1,213,980**	1,266,413

Consolidated statement of profit or loss

Remunerations and benefits for key management benefits:	**2022**	2021
Salaries and other benefits	**24,000**	24,000

28- Acquisition of a subsidiary company

– During the current financial year, "the Parent Company" acquired shares in the ownership of (Rose Gulf for Food Packaging Company – W.L.L. , Fajr Al-Ittihad Trading Company – W.L.L. , Global Alliance International General Trading Company for Foodstuffs – W.L.L. , City International Arabiya for General Trading - W.L.L.) with share percentage of (50%, 51%, 99%, 51%) respectively. According to purchase and transfer contracts, the ownership of the above-mentioned shares was transferred in the name of the parent company. Accordingly, "the parent company" exercises significant control over the financial and operating policies of these companies, these companies were classified as subsidiaries and their financial statements were consolidated starting from the date of acquisition (Note - 5).

	Rose Gulf for Food Packaging Company – W.L.L.	**Fajr Al-Ittihad Trading Company – W.L.L.**	**Global Alliance International General Trading Company for Foodstuffs – W.L.L.**	**City International Arabiya for General Trading - W.L.L**	**Total**
Total assets	37,388	212,359	395,486	744,249	1,389,482
Total liabilities	(9,426)	(2,360)	(50,463)	(22,777)	(85,026)
Net assets	27,962	209,999	345,023	721,472	1,304,456
Group's share in the net assets of the subsidiary	13,981	107,099	341,573	367,951	830,604
Value of the acquired share	13,981	107,099	341,573	367,951	830,604

29- General Assembly of the Shareholders

On July 29, 2022 the General Assembly meeting of the shareholders was held and approved the following:

- The consolidated financial statements for the financial year ended December 31, 2021.
- Approval of the Board of Directors' proposals not to distribute a bonus to the Board of Directors' members for the financial year ended December 31, 2021, as well as not to distribute dividends for the financial year ended December 31, 2021.

30- Contingent liabilities

At the consolidated financial position date the Group had contingent liabilities as follows:

	2022	2021
Letters of guarantee	**48,645**	48,645

31- Financial instruments and risks management

A- Financial instruments

Significant accounting policies

Details of the significant accounting policies - including the principles of measurement and recognition of revenues and expenses - for all categories of financial assets and liabilities are disclosed in Note No. (3) to the consolidated financial statements.

Categories of financial instruments

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

Financial Assets	**2022**	2021
Cash and cash equivalents	**7,553,211**	8,468,294
Investments at fair value through other comprehensive income	**1,922,098**	1,473,677
Accounts receivable and other debit balances	**27,923,692**	24,269,837
	37,399,001	34,211,808

Financial Liabilities	**2022**	2021
Murabahat Payables	**15,096,424**	12,233,970
Notes payable	**2,497,050**	2,477,649
Ijara payables	**1,411,000**	-
Lease liabilities	**82,426**	160,269
Accounts payable and other credit balances	**2,363,626**	2,307,199
	21,450,526	17,179,087

Fair value of financial instruments
Fair value of financial instruments 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 group's used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

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

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

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

The Board of Directors of the Parent Company establishes written principles for the overall framework of risk management, as well as written policies covering specific areas such as foreign currency risk, interest rate risk, credit risk, and the investment of surplus funds.

- **Credit risks**

Credit risks are the risks that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the group to credit risks, consist principally of cash at banks and trade receivables. Credit risks associated with receivables are limited due to the dispersion of credit across large number of customers, for more details see note (8). Cash at banks deposited at reputable credit financial institutions. Trade receivables are presented at net after deducting of provision for expected credit losses.

The table below shows the assets exposed to credit risk in the consolidated statement of financial position:

	2022	2021
Cash at banks	**7,067,027**	8,085,886
Trade receivables	**23,308,039**	20,255,082
	30,375,066	28,340,968

For further information, refer back to notes 6, 8. Financial assets whose maturity date has expired and its value have not impaired are disclosed in note 8. The maturity date of the other financial assets has not yet passed.

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

- **Liquidity risks**

Liquidity risks are the risks that the Group 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 consolidated 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	From 1 year to 5 years	More than one years	Total
Murabahat payables	**15,096,424**	-	-	**15,096,424**
Notes payable	**2,497,050**	-	-	**2,497,050**
Ijara payables	**1,411,000**	-	-	**1,411,000**
Lease liabilities	**82,426**	-	-	**82,426**
Accounts payable and other credit balances	**2,363,626**	-	-	**2,363,626**
Provision for end of service indemnity	-	-	**789,478**	**789,478**
	21,450,526	-	**789,478**	**22,240,004**

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

	Within one year	From 1 year to 5 years	More than one years	Total
Murabahat payables	10,262,845	1,971,125	-	12,233,970
Notes payable	2,477,649	-	-	2,477,649
Lease liabilities	87,101	73,168	-	160,269
Accounts payable and other credit balances	2,307,199	-	-	2,307,199
Provision for end of service indemnity	-	-	640,313	640,313
	15,134,794	2,044,293	640,313	17,819,400

- **Market risks**

Market risks, comprise of foreign currency risk, interest rate risk and equity price risk. These risks arise due to changes in market prices as well as shown in interest rates and foreign currencies rates.

Foreign currencies risks

Foreign currency risks are the risk 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 group manages these risks by setting limits on transactions in foreign currencies and parties and limiting its transaction business in major currencies with reputable parties.

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 issued at variable rates expose the Group to cash flows interest rate risks.

The Group does not have significant assets with an interest rate. Accordingly, the Group's consolidated profit or loss and its cash and operating flows are not affected by changes in market interest rates.

Equity price risks
The Group is exposed to equity price risk due to its holdings of investments classified at the consolidated statement of financial position date as fair value through other comprehensive income.

The Group manages this risk by diversifying its investment portfolio. This diversification is carried out in accordance with limits set by the Group.

- **Concentrations**

Concentrations arise when a number of counterparties are engaged in similar activities, or activities in the same geographic region, or have similar economic features that may cause them to be prepared to face contractual obligations that are similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity to developments affecting a particular business sector or a particular geographical area. Assets and liabilities are primarily concentrated in the State of Kuwait.

32- Capital risks management

A. The Group's objectives in capital management:

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern to be able to provide returns for shareholders and benefits for other stakeholders.
- To maintain an optimal returns to shareholders by pricing its products and services commensurately with risk level.

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

B. Debt-to-equity ratio

Consistent with others in the same industry the Group monitors capital on the basis of net debt to the total adjusted capital ratio. This ratio is calculated through dividing net debt by the total adjusting capital. Net debt is calculated as total Murabahat payables, shown in the consolidated statement of financial position less cash and cash equivalents. Total adjusted capital comprises all components of equity (share capital, reserves retained earnings, and non-controlling interests) plus net debt.

The debt to equity ratio is as follows:

	2022	2021
Debt	**19,004,474**	14,711,619
Less: Cash and cash equivalents	**(7,553,211)**	(8,468,294)
Net debt	**11,451,263**	6,243,325
Total equity	**50,354,058**	45,031,414
Adjusted capital	**61,805,321**	51,274,739
Debt to equity ratio	**18.53**	12.18

33- Financial position of "the parent company"

The following is the separate financial position statement of Dalqan Group Holding Company K.S.C. (closed) "the Parent Company":

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	**1,956,310**	2,551,293
	1,956,310	2,551,293
Non-current assets		
Investments in subsidiaries	**36,302,488**	32,261,576
Investments in unconsolidated subsidiaries	**585,000**	
Intangible assets	**4**	4
	36,887,492	32,261,580
Total assets	**38,843,802**	34,812,873
Liabilities and equity		
Current liabilities		
Accounts payable and other credit balances	**1,464,018**	1,455,749
Non-current liabilities		
Provision for end of service indemnity	**5,756**	5,012
Equity		
Share capital	**20,412,000**	20,412,000
Statutory reserve	**3,328,440**	2,917,405
Voluntary reserve	**2,807,478**	2,396,443
Change at fair value reserve	**11,070**	
Foreign currency translation reserve	**(285)**	(215)
Retained earnings	**10,815,325**	7,626,479
Total equity	**37,374,028**	33,352,112
Total liabilities and equity	**38,843,802**	34,812,873

Dalqan Holding Company
K.S.C. (closed)
and its subsidiaries
Kuwait

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

34- Financial profit or loss and other comprehensive income of "the parent company"

The separate statement of profit or loss and other comprehensive income of Dalqan Group Holding Company K.S.C. (closed) "the Parent Company" is as follows:

	2022	2021
Revenue		
Share result of subsidiaries	**4,073,907**	3,575,003
Total revenue	**4,073,907**	3,575,003
Expenses and other charges		
General and administrative expenses	**16,741**	17,575
Provisions	**674**	750
Total expenses and other charges	**17,415**	18,325
Net profit for the year before calculating the share of the Kuwait Foundation for the Advancement of Sciences and Zakat	**4,056,492**	3,556,678
Contribution to Kuwait Foundation for the Advancement of Science	**(21,130)**	(19,295)
Zakat	**(24,446)**	(22,304)
Net profit for the year	**4,010,916**	3,515,079
Other comprehensive income	**11,000**	(215)
Total comprehensive income	**4,021,916**	3,514,864

35- Comparative figures

Certain comparative figures for the previous year have been reclassified to conform to current year presentation.