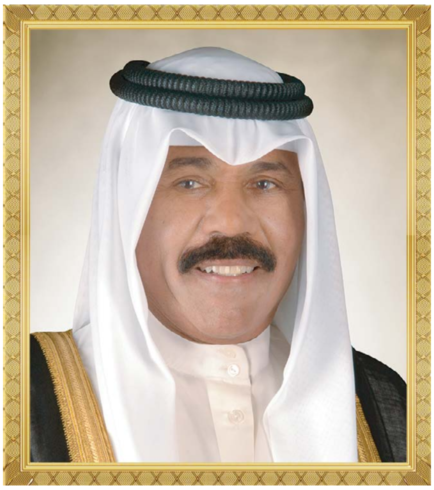
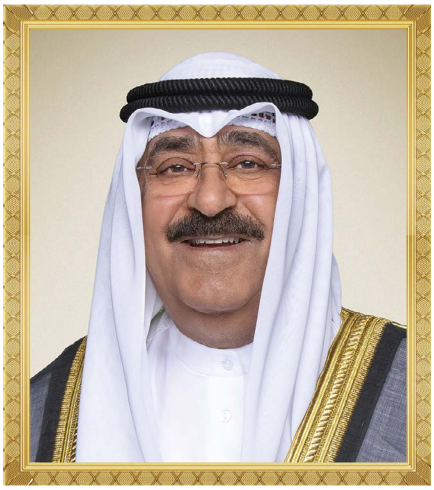
AL DORRA
PETROLEUM SERVICES K.S.C. (CLOSED)
الدرة للخدمات البترولية ش.م.ك. (مقفلة)

PETROLEUM SERVICES K.S.C. (CLOSED)
الدرة للخدمات البترولية ش.م.ك. (مقفلة)

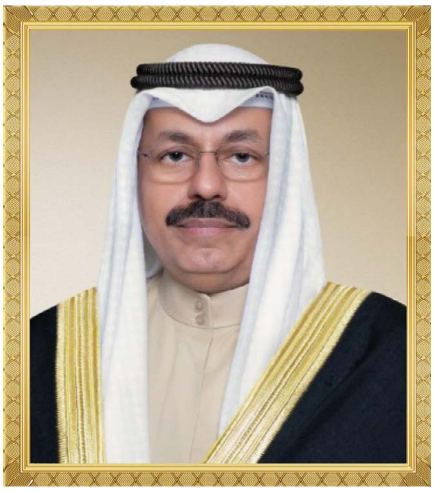
ANNUAL REPORT 2022



Nawaf Al -Ahmad Al-Jaber Al-Sabah
Amir of Kuwait



Mishal Al-Ahmad Al-jaber Al-Sabah
Crown Princes of Kuwait



Ahmad Al-Nawaf Al-Ahmad Al-Sabah
Prime Minister of Kuwait

BOARD OF DIRECTORS

WALEED ABDULLAH ALHOUTI	Chairman
MOHAMMED BADER AL SAYER	Vice Chairman
FAHAD YAQOUB AL JOUAN	Board Member
KHALID HAMDAN ALSAIF	Board Member
ABDULLAH NASSER ALSAYER	Board Member
MISHARI ABDULRAZZAQ ALAWADHI	Board Member
SULIMAN HUSSAIN ABDULLAH	Board Member

CHAIRMAN MESSAGE

Waleed A. Al Houti
Chairman of the Board

Dear Shareholders,

On behalf of my brothers and members of the Board of Directors, I would like to welcome you to the AGM for the financial year ended 31/12/2022.

I'd like to start our meeting with thanks and gratitude to the shareholders for their support and continuous trust and belief in our ability as a team committed to our aspirations and putting them into reality. The year 2022 was a pivotal year in the performance of the company through several elements, the most important of which is the subsidiaries in terms of profitability and by our team efforts we manage to minimize Covid-19 pandemic and its effect last year on ADPS and its subsidiaries level. Also, an increase in ECL provision to avoid any obstacles. The company has been able to reap the benefits by its implementation of its strategy, which is based on the principle of conservation and measurement of risks, optimizing the existing resources, and increasing the level of mutual cooperation between subsidiaries on the level of operations in order to achieve maximum growth over the financial year 2022.

Highlights 2022:

1. Net profit before ECL- Provision KD 923,716 and Net loss after ECL-provision (KD 1,057,574).
2. Reduction in contingent liabilities (LC'S AND LG'S) of KD 3.12Mn.
3. Booked ECL KD 1,981 K (Mainly O&G), Inventory provision of KD 47 K Impairment of Goodwill KD 156 K.

As for the company's vision for the future in 2023 we will continue to strengthen and support the status of our subsidiaries in the development projects of Oil and Gas sector. This to be achieved through obtaining required qualifications of Oil and Gas companies and international construction companies to enable us participation in the largest possible number of projects. It's expected that there will be an increase in the company›s operating profit due to the new contracts that have been awarded to the Subsidiaries which will enhance the company›s current position.

In conclusion, on behalf of the Board of Directors, I would like to take this opportunity to present my appreciation for your continuous support to further success and achievements of Al-Dorra Petroleum Services.

Sincerely,

Waleed A. Al Houti
Chairman of the Board

AL DORRA
PETROLEUM SERVICES K.S.C. (CLOSED)
الـدرة للخدمــات البتـروليـة ش.م.ك. (مقفلة)

Al-Dorra Petroleum services is a Kuwaiti Shareholding Co. (Closed) founded in 2006 with a paid up Capital of KD 28,144,000 million in 2020 decreased to KD 26,384,194 million, the company was founded with the goal of providing integrated and reliable services in the energy and petrochemicals sector, through a comprehensive portfolio of subsidiaries and its network of strategic partners.

The Portfolio Growth has been achieve through a series of Acquisitions, Grass root initiative, Joint ventures and Strategic alliances focusing on various segments of Kuwait Energy Sector.

AlDorra strategy is to continue to grow and support its existing portfolio to expand its scope of services and markets, and to leverage the synergy among its current subsidiaries, in order to provide integrated reliable services in the targeted energy and petrochemicals sectors.

Final Draft (Introduction about the subsidiaries for the Website and brochure)

WARBA NATIONAL
Contracting Co. W.L.L

Warba National Contracting Company (WNCC) is a Kuwaiti company established in 1976, with over 42 years of experience as one of leading agent/representative of various manufactures in oil and gas industry; include manufacturers of pumps, compressors, instrumentation, heat exchangers, reactors, valves, technology and manpower. With experienced sales and commercial staff, well-versed with the Kuwait market, WNCC is focused in developing the business of our numerous principles.

The company's objectives to continuous pursuit of excellence in creating a value added after sales service, which enhances the quality of the products we represent

Klinger
Warba

Klinger Warba Gasket Manufacturing Company (Klinger) is a Kuwaiti manufacturer of gaskets established in 1997 with over 21 years of innovation and gasket production experience with local knowledge and marketing experience. As the only manufacturer of gaskets in Kuwait, Klinger has long term contracts with all the major industries in the country.

Klinger is an ISO 9001 certified facility in Subhan, Kuwait, which manufactures all types of Soft Cut, Spiral Wound, Heat Exchanger, and Kcom- profile gaskets for the Oil, Petrochemical, and Power Generation.

WIASC

Warba Industrial Advanced Services Center (WIASC) is a Kuwaiti ISO certified service center established as division under Warba National Group in 1976 to provide service center for Valves, Actuators, and performs servicing, calibration and testing of valves both online and offline as per manufacture procedures as well as API, ASME and other International standards. (BS, FCI, ISA, SHELL DEP, EN). Since its inception WIASC has supported many of Kuwait's oil and power sector projects and shutdowns with its various services. In addition WIASC also provide wielding and fabrication services to Kuwait Oil and Energy Sectors contractors.

WIASC's goal is to assist our clients in achieving the highest efficiency and productivity with the world's latest technologies

Gulf Safety is a Kuwaiti company established in 1979 with over 39 years of experience in fire protection and alarm system design, installation and maintenance.

Gulf Safety is a Category 2 approved KFD contractor with ISO9001 certification, and has participated numerous in gas installations becoming one of the market leaders in its field. Company is approved as a service provider for Bauer Compressor and Interspiro Breathing Apparatus, and as an installer of Fire Eater (Denmark) and Nohmi Bosai (Japan) in the Kuwait Market.

International Warba Coating (IWC) established in 1997 as a Joint Venture between Warba National Group (51% ownership) and Courtaulds (International Paint), now AKZO-Nobel (49% ownership).

IWC is a world leader in the manufacture of On-shore and Off-shore protective coatings, marine coatings, industrial coatings, fire protection paints, yacht and building paints and has over 40 factories worldwide. IWC was established to manufacture the full range of products to the highest quality standards of its mother company. The factory has a range of grinding and dispersion equipment enabling it to manufacture a variety of products in different batch sizes, in addition to the more regular product situated in Subhan Industrial Area.

IWC is ideally located to provide customers with the security of a global brand and the responsiveness of local service. This service includes a high level of technical resource to assist with advice, ensuring specifications, product service and support tailored to meet customer needs in the most cost effective way

Cumberland Cathodic Protection Limited (CCPL) established in 1912 in UK when the Commander Elliot Cumberland developed an electrolytic prevention system which was to be the first impressed current Cathodic Protection system commercially available.

CCPL has provided Cathodic Protection serving throughout the world for more than 80 years. The company pioneered innovation in the design of impressed current Cathodic Protection technology for Power Stations, Jetties, Pipelines, concrete structures and other buried or immersed metal structure. CCPL UK operation aim in Kuwait is to provide continued Cathodic Protection supply and commissioning services to the Kuwait market.

Kuwaiti Distributor Company for Chemicals (KDC) established in 2006 as distributor of number of chemicals ranging from high specialty engineered chemicals to commodity chemicals. KDC also offers a broad portfolio of specialty chemicals designed to support and enhance drilling, cementing, & completion, and stimulation process.

KDC aim to continue providing specific solutions for defined customer industries which include plastics, automotive, refineries, oilfield and mining, as well as water treatment.

Oil and Gas Engineering (O&G) is a Kuwaiti limited liability company established in 1976 with over 42 years of experience in the Kuwait construction sector.

O&G is one of the premium companies in the Kuwait oil and gas sector in the fields of Electro-Mechanical, Civil Construction, Maintenance activities, Fabrication-Installation works, Human Resource Service and Rental of Heavy Construction Equipment

Capital: KD 9.5 M (U$31.14)

Total Manpower: 1600

Equipments: more than 450 Light & Heavy Duty and fixed equipment.

Land and facilities: Approx 10,000 square meter

Seoul Inspection & Testing Co. Ltd Middle East (SITCO ME) established in 2014 as a Joint Venture between Gulf Safety (51% ownership) and Seoul Inspection & Testing Co. Ltd Korea (49% ownership) an Inspection Company founded in 1991 and has developed into a total Inspection Service Provider in various fields of refineries, petrochemical facilities, power plants, gas facilities, manufacturing making plants and steel structures.

SITCO offer a wide range of highly-specialized services such as Non-Destructive Test, Third Party Inspection, Supervision, Shipbuilding &Offshore Inspection, Facility Diagnosis and Technical Consulting. For over 25 years, SITCO have been delivering Inspection Services in the world for Oil & Gas, Petrochemical and Power Plants, gaining global recognition with the aim of becoming a world leader of the Inspection Industry.

SITCO middle East since its inception has become a competing force in the Kuwait project sector

Al Dorra Petroleum Services Company K.S.C. (Closed) and Its Subsidiaries

AL DORRA
PETROLEUM SERVICES K.S.C. (CLOSED)
الـدرة للخدمــات البـترولـيـة ش.م.ك. (مقفلة)

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

Al Dorra Petroleum Services Company K.S.C. (Closed) and Its Subsidiaries

Consolidated financial statements and independent auditor's report
For the year ended 31 December 2022

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Independent auditor's report to the shareholders of Al Dorra Petroleum Services Company K.S.C. (closed)

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Dorra Petroleum Services Company K.S.C. (Closed) ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards..

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the report of the Board of Directors (but does not include the consolidated financial statements and our auditor's report thereon).

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 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, 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.

PricewaterhouseCoopers Al-Shatti & Co.
Arraya Tower II, 23rd - 24th Floor, P.O. Box 1753, Safat 13018 Sharq, Kuwait
T: +965 2227 5777 F: +965 2227 5888, www.pwc.com

Independent auditor's report to the shareholders of Al Dorra Petroleum Services Company K.S.C. (Closed) (continued)

Report on the audit of the consolidated financial statements (continued)

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 International Financial Reporting Standards and the Companies' Law no. 1 of 2016 and its executive regulations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Auditor's responsibilities for the audit of the consolidated financial statements

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent auditor's report to the shareholders of Al Dorra Petroleum Services Company K.S.C. (Closed) (continued)

Report on the audit of the consolidated financial statements (continued)

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 accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report, that we obtained all information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law no. 1 of 2016, its executive regulations and by the Parent Company's memorandum of association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law no. 1 of 2016, its executive regulations, nor of the Parent Company's memorandum of association have occurred during the year ended 31 December 2022 that might have had a material effect on the business of the Group or on its consolidated financial position.

Khalid Ebrahim Al-Shatti
Licence No. 175 A
PricewaterhouseCoopers (Al-Shatti & Co.)
16 March 2022
Kuwait

Consolidated statement of financial position

(All amounts in Kuwaiti Dinars unless otherwise stated)

Assets	Note	As at 31 December 2022	2021
Non-current assets			
Property and equipment	5	**5,844,169**	5,729,185
Intangible assets	6	**988,096**	988,096
Goodwill	8	**3,673,230**	3,829,409
Investment in an associate		**354,580**	601,882
Investment in a joint venture		**21,920**	22,674
Financial assets at fair value through other comprehensive income	9	**1,512,647**	1,512,647
		12,394,642	12,683,893
Current assets			
Inventories	10	**2,998,849**	2,697,691
Contract assets	11	**3,794,192**	3,063,788
Trade and other receivables	12	**10,517,029**	10,935,638
Amounts due from related parties	21	**1,290,599**	1,288,673
Bank balances and cash	13	**1,768,578**	3,360,391
Work in progress		**6,841,968**	7,170,275
		27,211,215	28,516,456
Total assets		**39,605,857**	41,200,349
Equity and liabilities			
Equity			
Share capital	14	**26,384,194**	26,384,194
Statutory reserve	15	**30,368**	30,368
Voluntary reserve	15	**30,368**	30,368
Change in fair value reserve		**(1,312,271)**	(1,312,271)
Revaluation surplus		**1,396,510**	1,396,510
Accumulated losses		**(8,895,081)**	(7,579,712)
Equity attributable to equity holders of the Parent Company		**17,634,088**	18,949,457
Non-controlling interests		**1,338,214**	1,200,419
Net equity		**18,972,302**	20,149,876
Liabilities			
Non-current liabilities			
Employees' end of service benefits	16	**972,285**	1,260,203
Long term loans	17	**12,388,000**	12,888,000
		13,360,285	14,148,203
Current liabilities			
Trade and other payables	18	**5,840,364**	6,002,575
Amounts due to related parties	21	**65,851**	54,984
Short term loan	17	**975,000**	174,997
Bank overdrafts	13	**392,055**	669,714
		7,273,270	6,902,270
Total liabilities		**20,633,555**	21,050,473
Total equity and liabilities		**39,605,857**	41,200,349

Waleed Abdullah Ebrahim Al Houti
Chairman

The accompanying notes set out on pages 9 to 46 form an integral part of these consolidated financial statements.

Consolidated statement of income

(All amounts in Kuwaiti Dinars unless otherwise stated)

	Note	As at 31 December 2022	2021
Revenue from contracts with customers		**13,706,035**	12,085,053
Cost of sales and contracts costs		**(10,494,279)**	(9,538,500)
Gross profit		**3,211,756**	2,546,553
General and administrative expenses	19	**(1,945,392)**	(2,122,736)
Finance costs		**(669,391)**	(666,442)
Net impairment losses on financial and contract assets	3.1(b) & 12	**(1,981,290)**	(1,100,686)
Impairment of slow moving items	10	**(46,921)**	(106,875)
Impairment of goodwill	7	**(156,179)**	(148,696)
Share of results of an associate	8	**(94,302)**	(36,900)
Share of results of a joint venture		**(754)**	3,759
Other income	20	**624,899**	668,580
Loss for the year		**(1,057,574)**	(963,443)
Attributable to:			
Equity holders of the Parent Company		**(1,315,369)**	(1,121,647)
Non-controlling interests		**257,795**	158,204
Loss for the year		**(1,057,574)**	(963,443)

The accompanying notes set out on pages 9 to 46 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(All amounts in Kuwaiti Dinars unless otherwise stated)

	As at 31 December	
	2022	2021
Loss for the year	**(1,057,574)**	(963,443)
Other comprehensive income		
Items that will not be reclassified to the consolidated statement of income		
Change in fair value reserve	-	127,354
Other comprehensive income / (loss) for the year	-	127,354
Total comprehensive loss for the year	**(1,057,574)**	(836,089)
Attributable to:		
Equity holders of the Parent Company	**(1,315,369)**	(994,293)
Non-controlling interests	**257,795**	158,204
Total comprehensive loss for the year	**(1,057,574)**	(836,089)

The accompanying notes set out on pages 9 to 46 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(All amounts in Kuwaiti Dinars unless otherwise stated)

	Share capital	Statutory reserve	Voluntary reserve	Change in fair value reserve	Revaluation surplus	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at 1 January 2021	26,384,194	30,368	30,368	(6,831,148)	1,396,510	(1,066,542)	19,943,750	1,280,215	21,223,965
Comprehensive income									
(Loss) / profit for the year	-	-	-	-	-	(1,121,647)	(1,121,647)	158,204	(963,443)
Other comprehensive loss for the year	-	-	-	127,354	-	-	127,354	-	127,354
Total comprehensive (loss) / income for the year	**-**	**-**	**-**	**127,354**	**-**	**(1,121,647)**	**(994,293)**	**158,204**	**(836,089)**
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	5,391,523	-	(5,391,523)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(238,000)	(238,000)
Balance at 31 December 2021	**26,384,194**	**30,368**	**30,368**	**(1,312,271)**	**1,396,510**	**(7,579,712)**	**18,949,457**	**1,200,419**	**20,149,876**
Comprehensive income									
(Loss) / profit for the year	-	-	-	-	-	(1,315,369)	(1,315,369)	257,795	(1,057,574)
Total comprehensive (loss) / income for the year	**-**	**-**	**-**	**-**	**-**	**(1,315,369)**	**(1,315,369)**	**257,795**	**(1,057,574)**
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(120,000)	(120,000)
Balance at 31 December 2022	**26,384,194**	**30,368**	**30,368**	**(1,312,271)**	**1,396,510**	**(8,895,081)**	**17,634,088**	**1,338,214**	**18,972,302**

The accompanying notes set out on pages 9 to 46 form an integral part of these consolidated financial statements.

AL DORRA
PETROLEUM SERVICES K.S.C. (CLOSED)
الـدرة للخـدمـات البترولية ش.م.ك. (مقفلة)

Consolidated statements of cash flows

(All amounts in Kuwaiti Dinars unless otherwise stated)

Assets	Note	As at 31 December 2022	2021
Cash flows from operating activities			
Loss for the year		**(1,057,574)**	(963,443)
Adjustments for:			
Depreciation	5	**284,311**	517,442
Share of results of an associate	8	**94,302**	36,900
Share of results of a joint venture		**754**	(3,759)
Gain on disposal of property and equipment		**(34,000)**	(68,471)
Provision for slow moving items	10	**46,921**	106,875
Expected credit loss allowance	3.1(b) & 12	**1,981,290**	1,100,686
Impairment of goodwill	8	**156,179**	148,696
Finance costs		**669,391**	666,442
Employees' end of service benefits	16	**212,775**	246,793
Provision no longer required -Employees' end of service benefits	16	**(4,269)**	(2,416)
Changes in working capital:			
Inventories		**(348,079)**	(913,808)
Work in Progress		**(493,201)**	(886,209)
Trade and other receivables		**(374,235)**	917,337
Contract assets		**(1,115,140)**	283,310
Trade and other payables		**(194,041)**	1,139,606
Due from related patties		**15,872**	(219,061)
Due to a related party		**10,867**	(123,571)
Cash (used in) generated from operating activities		**(147,877)**	1,983,349
Provision for staff indemnity paid	16	**(496,424)**	(419,998)
Net cash (used in) generated from operating activities		**(644,301)**	1,563,351
Cash flows from investing activities			
Purchase of property and equipment	5	**(399,295)**	(146,205)
Proceeds from disposal of property and equipment		**34,000**	340,151
Proceeds from disposal of financial assets at fair value through other comprehensive income ("FVOCI")		**-**	2,813,604
Dividends received from an associate	9	**153,000**	255,000
Net cash (used in) generated from investing activities		**(212,295)**	3,262,550
Cash flows from financing activities			
Proceeds from term loans		**(200,000)**	(1,526,587)
Repayment of term loans		**500,003**	-
Finance costs paid		**(637,561)**	(666,442)
Dividend paid to non -controlling interest of subsidiaries		**(120,000)**	(238,000)
Net cash used in financing activities		**(457,558)**	(2,431,029)
Net (decrease) in cash and cash equivalents		**(1,314,154)**	2,394,872
Bank balances and cash at beginning of the year		**2,690,677**	295,805
Cash and cash equivalents at end of the year	13	**1,376,523**	2,690,677
Non cash transactions			
Financial assets at fair value through other comprehensive Income		**-**	(127,354)
Fair value reserve of financial assets at fair value through other comprehensive income		**-**	5,518,877
Accumulated losses		**-**	(5,391,523)

The accompanying notes set out on pages 9 to 46 form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

AQ Middle East W.L.L. ("the Parent Company") was incorporated on 20 May 2002 as a Limited Liability Company in the State of Kuwait. The Parent Company changed its legal status to a Kuwaiti Shareholding Company on 10 April 2006 and the Parent Company's name was changed to "Al Dorra Petroleum Services Company K.S.C. (Closed)" on 8 August 2010.

The objectives for which the Parent Company has been established are as follows:

a) Oil Sector

I. Carrying out all oil and civil works required for oil sector.
II. Carrying out maintenance work and various general services for all oil works as follows:

• *Maintenance and general services:*

Maintenance and repair of the oil wells and improving their production -electrical and mechanical maintenance -maintenance of a sensitive and control equipment -maintenance of coefficient of acid gas -repair and paint oil tanks -maintenance of ships docking sites and locations and related worker -maintenance of cooling rates in fields and heavy equipment -maintenance and services of polypropylene fertilizing factories - gas liquidation and mixing oils -any other plants belonging to oil sector.

• *Oil environment*

Supply and installation of a mobile devices in oil sites to monitor and measure air pollutants on a regular basis - supply of technical manpower specialized in the combating pollution of marine environment surrounding the oil sites -maintenance and safety of oil facilities, pipelines and oil and gas tankers, refineries, factories and related annexes, supply and installation of safety equipment and security systems, control of oil ports (surveillance cameras -anti-theft warning systems -fire fighting -metal and explosives detectors, etc.).

III. Intermediaries to do all other operations required by other companies of various business, interests and various purposes in all major oil fields of the oil sector (after the approval of the Ministry of Energy).

IV. Acquisition of movables and properties necessary for the Parent Company to practice its activities pursuant to the limits prescribed by law.

V. Utilizing the financial surpluses of the Parent Company by investing them in portfolios managed by specialized companies and entities.

The Parent Company may practice the above activities inside the state of Kuwait and abroad either in its own name or by proxy. The Parent Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Parent Company achieve its objectives inside Kuwait and abroad. The Parent Company may also incorporate, purchase and/or participate in incorporation of such entities or affiliate them.

The registered office of the Parent Company is P.O. Box 26583, Safat 13126, Kuwait.

The consolidated financial statements of the Parent Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2022 were authorized for issue in accordance with a resolution of the Parent Company's Board of Directors on 7 March 2023 and are subject to the approval of the Annual General Assembly of the Parent Company's shareholder. The Annual General Assembly of the Parent Company's shareholder has the power to amend these consolidated financial statements after issuance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and the Companies' Law no. 1 of 2016 and its executive regulations. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain property and equipment, intangible assets, investment property and financial assets at fair value through other comprehensive income which are measured at fair value.

2.1.1 Changes in accounting estimates, policies and disclosures

(a) New and amended standards adopted by the Group:

The following standards and amendments have been adopted by the Group for the first time for the financial year beginning on 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations issued but not yet adopted by the Group:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the following:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of income as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of income.

(i) Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of income. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units, or groups of cash generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint ventures Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 4.1(c).

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate or equity account for an investment because

of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate,
joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of income.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.
Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated statement of income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of income.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the Parent Company's presentation and functional currency and the presentation currency of the Group.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.5 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. leasehold lands represent the Group's right to use leased lands with renewable contracts. leasehold lands are shown at fair value, based on valuations by external independent valuers. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of leasehold land are credited to other comprehensive income and shown as revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation surplus directly in equity; all other decreases are charged to the consolidated statement of income.

Leasehold Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	**20 years**
Tools and heavy equipment	**3-10 years**
Motor vehicles	**5-7 years**
Office equipment	**3-10 years**
Furniture, fixtures & software	**3-10 years**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal (if any) are determined by comparing the proceeds with the carrying amounts and are recognised within in the consolidated statement of income. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

2.6 Intangible assets

Agency agreements

Agency agreements are carried at cost less accumulated impairment losses, if any. The management of the Group believes that leasehold rights have an indefinite useful life on the basis that these intangible assets represent legal rights that are renewable and that there is pervasive evidence that the renewal is virtually certain. Also, management expects that these assets will contribute cash flows on an ongoing basis. Intangible assets with an indefinite useful life are not amortised. The estimated useful life is reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.7 Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods includes the purchase price, transportation, handling and other direct costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (FVOCI), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments:
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in the consolidated statement of income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of income. Impairment losses are presented in the consolidated statement of income. Financial assets at amortised cost comprise of "trade and other receivables", "contract assets", "retention receivables from customers (other assets)", "amounts due from related parties" and "bank balances and cash".

i. *Trade receivables and amounts due from related parties*

Trade receivables and amounts due from related parties are amounts due from customers or related parties for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognised initially at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

ii. *Retention receivables from customers*

The company progress billing for its customers are subject to retention deductions, which vary, based on the individual agreements to provide them with security against the entity failing to adequately complete some or all of its obligations under the contract. Theses balances are collected from the customers upon completion of the contract at the end of the warranty period. Retention receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Details about the company's impairment policies and the calculation of the loss allowance are provided in note 3.1 (b).

iii. *Cash and cash equivalents*

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks net of bank overdrafts. In the consolidated statement of financial position, bank balances and cash comprise of cash on hand and deposits held at call accounts with financial institutions while bank overdrafts are shown as a separate line within "cash and cash equivelents" as current liabilities.

iv. *Contract assets*

Contract assets represents contracts where progress billings received and receivable are less than the cost plus attributable profit of work executed, the difference is included under current assets.

Equity instruments:

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to consolidated statement of income following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated statement of income as investment income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.10.4 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and ither receivables, contract assets and amounts due from related parties the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.11 Employees' end of service benefits

The Group is liable under relevant countries' Labor Law, to make payments to the employees for post-employment benefits through defined benefits plan. Such payment is made on a lump sum basis at the end of an employee's service. This liability is unfunded and is computed as the amount payable as a result of involuntary termination of the Group's employees on the reporting date. The Group expects this method to produce a reliable approximation of the present value of this obligation.

With respect to its national employees, the Group makes contributions to Public Authority for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2.12 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group.

All financial liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. The Group classifies its financial liabilities as "trade and other payables", "amounts due to related parties", "retention payables", "contract liabilities" , and "loans".

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

(a) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

(b) Retention payables

Progress billing by its sub-contractors to the entity are subject to retention deductions, which vary, based on the individual agreements. Theses payables are paid to sub-contractors after they complete the guarantee periods. Retention payables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

(c) Contract liabilities

Contract liabilities represents contracts where progress billings received and receivable exceed the cost plus attributable profit of work executed, the excess is included under current liabilities.

(d) Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of income over the period of the notes using the effective interest method. Loans are classified

as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

Fees paid on the establishment of facilities are recognised as transaction costs of the facilities to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facilities to which it relates.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.15 Revenue recognition

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Identify the contract(s) with customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

Revenue is recognised at the point in time at which the performance obligation is satisfied. The Group satisfies a performance obligation by shipping the promised goods.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is recognised in the consolidated statement of income to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

a. *Contract revenue*

Revenue from construction contracts is recognized over time on a cost-to-cost method (input method), i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Profit is only recognized when the contract reaches a point where the ultimate profit can be estimated with reasonable certainly. Claims, variation orders and incentive payments are included in the determination of contract profit when approved by contract owners. Anticipated losses on contracts are recognized in full as soon as they become apparent.

If the outcome of a construction contract could be estimated reliably, then contract revenue was recognised in proportion to the stage of completion of the contract.

The stage of completion was assessed with reference to surveys of work performed. Other-wise, contract revenue was recognised only to the extent of contract costs incurred that were likely to be recoverable.

Contract expenses were recognised as they were incurred. An expected loss on a contract was recognised immediately in consolidated statement of income.

b. *Rendering of services*

Revenue from rendering of service is recognised over time, the Group has determined that overtime recognition criteria remains appropriate for rendering of services.

c. *Sale of goods and commission income*

Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when or as the Group transfers control of the goods to the customer. For standalone sales, that are neither customized by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

d. *Dividend income*

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

e. *Other incomes*

Other incomes are recognized on an accrual basis.

2.16 Finance costs/income

Finance costs/income are recognised in the consolidated statement of income in the year in which they are incurred.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks such as market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Parent Company's finance department as approved by the Parent Company's Board of Directors.

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the Saudi Riyal (SAR), US dollar (USD), EURO, and Japanese Yen (JPY). Management has set up a policy to manage foreign currency risk against the Group's presentation currency. The Group monitors foreign currency exposure on an ongoing basis so appropriate decisions are taken to minimise the exposure to a specific currency when required. Foreign currency risk arises from future commercial transactions recognised assets and liabilities and net investments in foreign operations.

The Group had the following significant net exposures denominated in foreign currencies:

	As at 31 December	
	2022	2021
	KD (equivalent)	KD (equivalent)
SAR	**1,512,647**	1,512,647
USD	**(66,187)**	29,078
EURO	**(289,726)**	(75,077)
JPY	**136,512**	20,833
GBP	**(3,490)**	(13,630)

The table below indicates the Group's foreign currency exposure as at 31 December 2022, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the KD currency rate against the SAR, USD, EURO,JPY and GBP with all other variables held constant, on the profit for the year (due to the fair value of currency sensitive monetary assets and liabilities).

			As at 31 December
		2022	2021
	Change in Currency rate	Effect on loss for the year/equity	Effect on loss for the year/ equity
SAR	**+5%**	**(75,632)**	(75,632)
USD	**+5%**	**3,309**	(1,454)
EURO	**+5%**	**14,486**	3,754
JPY	**+5%**	**(6,826)**	(1,042)
GBP	**+5%**	**175**	682

The decrease in currency rate will have the opposite effect on profit for the year.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the possibility that changes in interest rate will affect future profitability or the fair values of financial instruments. The Group's interest rate risk arises from term loans, notes payable, and bank overdrafts.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on its consolidated statement of income and equity of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for liabilities that represent the only interest-bearing positions.

The following table illustrates the sensitivity of the profit for the year and equity to a reasonably possible change in interest rates of 50 basis points per annum with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

	2022	2021
Change in interest rate	Effect on loss for the year/ equity	Effect on loss for the year/ equity
50 basis points	**(68,775)**	**(68,664)**

The decrease in interest rates will have the opposite effect on profit / (loss) for the year and equity.

(b) Credit risk

(i) Risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's financial assets.

Credit risk arises from bank balances and amounts due from related parties as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently highly rated parties are accepted.

Since there is no independent rating for customers and related parties, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

(ii) Security

It is not the practice of the Group to obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The Group seeks to limit its credit risk with respect to receivables by setting credit limits for customers and related parties and monitoring outstanding receivables before standard payment and delivery terms and conditions are offered. Normal credit terms for customers are up to three months.

(iii) Impairment of financial assets

The company has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables for sale of goods and from billing amounts issued for Contracts.
- Contract assets.
- Other assets derived from retentions receivable of Contracts.
- Amounts due from related parties.

While bank balances and cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables, contract assets, other assets and amounts due from related parties

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, contract assets and other assets.

To measure the expected credit losses, trade receivables, other assets “retentions receivable”, contract assets and due from related parties have been grouped based on shared credit risk characteristics.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the unemployment and inflation rates of the State of Kuwait in which it sells its goods and provide services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The contract assets related to unbilled work in progress, retentions receivable related to security of customers against the Group failure to fulfill the contract obligations, and amounts due from related parties are substantially have the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for current trade receivables are a reasonable approximation of the loss rates for the contract assets and retention receivable.

On that basis, the loss allowance as at 31 December (as per IFRS 9) was determined as follows:

2022	Gross carrying amount - trade receivables	Gross carrying amount – contract assets	Gross carrying amount – other receivables	Gross carrying amount – due from related parties	Gross carrying amount – Work in progress	Gross carrying amount – total	Average expected loss rate	Loss allowance
0-30 days	**1,499,863**	**675,403**	**389,107**	**102**	**15,099**	**2,579,574**	**0.25%**	**6,325**
31-60 days	**544,107**	**322,888**	**27,989**	**-**	**223,869**	**1,118,853**	**0.50%**	**5,626**
61 -90 days	**345,844**	**224,008**	**17,022**	**-**	**141,396**	**728,270**	**0.54%**	**3,914**
91-180 days	**446,532**	**528,410**	**47,850**	**15,351**	**3,595**	**1,041,738**	**0.50%**	**5,259**
181-365 days	**350,219**	**313,513**	**5,723**	**22,430**	**190,726**	**882,611**	**1.69%**	**14,939**
Above 365 Days	**2,648,215**	**2,792,355**	**3,301,547**	**1,608,790**	**7,088,791**	**17,439,698**	**24.67%**	**4,302,793**
	5,834,780	**4,856,577**	**3,789,238**	**1,646,673**	**7,663,476**	**23,790,744**		**4,338,856**

2021	Gross carrying amount - trade receivables	Gross carrying amount – contract assets	Gross carrying amount – other receivables	Gross carrying amount – due from related parties	Gross carrying amount – Total	Average expected loss rate	Loss allowance
0-30days	**856,596**	**229,442**	**151,640**	**24,434**	**1,262,112**	**0.22%**	**2,750**
31-60 days	**538,161**	**118,873**	**25,438**	**3,688**	**686,160**	**0.19%**	**1,332**
61 -90 days	**362,091**	**30,127**	**8,632**	**129,484**	**530,334**	**0.19%**	**990**
91-180 days	**451,294**	**414,004**	**39,057**	**28,342**	**932,697**	**0.40%**	**3,769**
181-365 days	**472,204**	**476,663**	**104,964**	**98,192**	**1,152,023**	**1.16%**	**13,312**
Above 365 Days	**2,331,422**	**2,472,328**	**4,249,492**	**1,378,405**	**10,431,647**	**22.39%**	**2,335,413**
	5,011,768	**3,741,437**	**4,579,223**	**1,662,545**	**14,994,973**		**2,357,566**

The closing loss allowances as at 31 December 2022 and 2021 reconcile to the opening loss allowances as follows:

	Trade receivables	Other receivables	Amounts due from related parties	Contract assets	Work in progress	Total
Opening loss allowance as at 1 January 2022	**425,713**	**880,332**	**373,872**	**677,649**	**-**	**2,357,566**
Increase in loss allowance recognised in the consolidated statement of income	**182,857**	**609,987**	**1,160**	**384,736**	**821,508**	**2,000,248**
Provision no longer required	**-**	**-**	**(18,958)**	**-**	**-**	**(18,958)**
At 31 December 2022	**608,570**	**1,490,319**	**356,074**	**1,062,385**	**821,508**	**4,338,856**

	Trade receivables	Other receivables	Amounts due from related parties	Contract assets	Total
Opening loss allowance as at 1 January 2021	**273,347**	**304,158**	**389,630**	**357,205**	**1,324,340**
Increase in loss allowance recognised in the consolidated statement of income	**152,375**	**576,174**	**814**	**320,444**	**1,049,807**
Provision no longer required	**(9)**	**-**	**(16,572)**	**-**	**(16,581)**
At 31 December 2021	**425,713**	**880,332**	**373,872**	**677,649**	**2,357,566**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, when the debtor has been placed under Liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting commitments associated with financial liabilities, arises because of the possibility (which may often be remote) that the Group could be required to pay its liabilities earlier than expected.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of term borrowings.

The maturity profile is monitored by the Group's management to ensure adequate liquidity is maintained. A summary table with maturity of financial liabilities is presented below. The amounts disclosed in the below tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

At 31 December 2022	Less than one year	Over one year	Total
Liabilities			
Term loans	**1,023,750**	**13,007,400**	**14,031,150**
Trade and other payables	**5,840,364**	**-**	**5,840,364**
Due to related parties	**65,851**	**-**	**65,851**
Bank overdrafts	**423,419**	**-**	**423,419**
Total liabilities	**7,353,384**	**13,007,400**	**20,360,784**

At 31 December 2021	Less than one year	Over one year	Total
Liabilities			
Term loans	**183,747**	**13,532,400**	**13,716,147**
Trade and other payables	**6,002,575**	**-**	**6,002,575**
Due to related parties	**54,984**	**-**	**54,984**
Bank overdrafts	**723,291**	**-**	**723,291**
Total liabilities	**6,964,597**	**13,532,400**	**20,496,997**

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions, increase capital or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by the Group as term loans, notes payable and bank overdrafts less bank balances and cash. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios at 31 December 2022 and 2021 were as follows:

As at 31 December	2022	2021
Term loans	**13,363,000**	13,062,997
Bank overdrafts	**392,055**	669,714
Less: bank balances and cash	**(1,768,578)**	(3,360,391)
Net debt	**11,986,477**	10,372,320
Equity attributable to equity holders of the Parent Company	**17,634,088**	18,949,457
Total capital	**29,620,565**	29,321,777
Gearing ratio	**40.47%**	35.37%

3.3 Fair value estimate

(a) Assets carried at amortised cost

The fair value of the financial assets and liabilities measured at amortised cost approximate their carrying amounts as at the reporting date.

(b) Assets carried at fair value

The table below analyses assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Level 1	Level 2	Level 3	Level 4
31 December 2022				
Financial assets at fair value through other comprehensive income	**-**	**-**	**1,512,647**	**1,512,647**
Unquoted securities				
Property and equipment	**-**	**4,641,000**	**-**	**4,641,000**
Leasehold land	**-**	**4,641,000**	**1,512,647**	**6,153,647**

	Level 1	Level 2	Level 3	Level 4
31 December 2021				
Financial assets at fair value through other comprehensive income				
Unquoted securities	-	-	1,512,647	1,512,647
Property and equipment				
Leasehold land	-	4,641,000	-	4,641,000
	-	4,641,000	1,512,647	6,153,647

(i) Financial instruments in level 1

The fair value of financial instruments carried at fair value on recurring basis traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the last bid price.

(ii) Financial instruments in level 3

Financial assets at fair value through other comprehensive income within level 3 are carried at fair value on recurring basis, which is determined by using the valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Net asset value;
- Market multiple based valuation
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

No movement in Level 3 fair value measurement. There were no transfers between levels during the year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision for obsolete and slow moving items

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence based on historical selling prices.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(c) Impairment of investment in an associate

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies at each reporting date based on the existence of any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of additional impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognises the amount in the consolidated statement of income for the year.

(d) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

(e) Valuation of intangible assets and property and equipment

Fair value is determined by independent, accredited valuators having appropriate recognised professional qualifications and recent experiences in the location and category of utilisation right and building being valued.

5 PROPERTY AND EQUIPMENT

	Leasehold land	Buildings	Tools and heavy equipment	Motor Vehicles	Office equipment	Furniture, fixtures & software	Work in progress	Total
Year ended 31 December 2022								
Opening net book amount	4,641,000	345,377	574,367	98,437	12,915	33,888	23,201	5,729,185
Additions	-	348,000	23,927	3,000	18,662	5,706	-	399,295
Disposals	-	-	-	(53,600)	-	(13,150)	-	(66,750)
Depreciation charge (note 19)	-	(75,921)	(140,902)	(40,242)	(17,651)	(9,595)	-	(284,311)
Depreciation related to disposals	-	-	-	53,600	-	13,150	-	66,750
Closing net book amount	**4,641,000**	**617,456**	**457,392**	**61,195**	**13,926**	**29,999**	**23,201**	**5,844,169**
At 31 December 2022								
Cost or revalued amounts	4,641,000	2,144,201	4,426,227	1,487,314	604,802	978,001	23,201	14,304,746
Accumulated depreciation	-	(1,526,745)	(3,968,835)	(1,426,119)	(590,876)	(948,002)	-	(8,460,577)
Net book amount	**4,641,000**	**617,456**	**457,392**	**61,195**	**13,926**	**29,999**	**23,201**	**5,844,169**

	Leasehold land	Buildings	Tools and heavy equipment	Motor Vehicles	Office equipment	Furniture, fixtures & software	Work in progress	Total
Year ended 31 December 2021								
Opening net book amount	**4,641,000**	**282,749**	**1,087,713**	**201,719**	**28,109**	**107,611**	**23,201**	**6,372,102**
Additions	-	110,450	23,931	-	9,920	1,904	-	146,205
Disposals	-	-	(1,596,607)	(556,586)	(3,704)	(54,351)	-	(2,211,248)
Write off	-	-	-	-	**(280)**	-	-	**(280)**
Depreciation charge (note 19)	-	(47,822)	(295,907)	(78,104)	(25,114)	(70,495)	-	(517,442)
Depreciation related to disposals	-	-	1,355,237	531,408	3,704	49,219	-	1,939,568
Depreciation related to write off	-	-	-	-	280	-	-	280
Closing net book amount	**4,641,000**	**345,377**	**574,367**	**98,437**	**12,915**	**33,888**	**23,201**	**5,729,185**
At 31 December 2021								
Cost or revalued amounts	**4,641,000**	**1,796,201**	**4,402,300**	**1,537,914**	**586,140**	**985,445**	**23,201**	**13,972,201**
Accumulated depreciation	-	(1,450,824)	(3,827,933)	(1,439,477)	(573,225)	(951,557)	-	**(8,243,016)**
Net book amount	**4,641,000**	**345,377**	**574,367**	**98,437**	**12,915**	**33,888**	**23,201**	**5,729,185**

Leasehold land is carried at fair value. The fair value at 31 December 2021 was determined based on independent valuator's assessment as at 31 December 2022. The fair value is considered within level 2 category. Level 2 fair value of building has been derived using the market based approach.

6 INTANGIBLE ASSETS

Agency agreements are carried at cost less accumulated impairment losses. No movement during the year, hence the management believes that at 31 December 2022 the carrying amount of agency agreements approximate its fair value.

7 GOODWILL

The Group›s Goodwill is recognized for three cash generating units which represents O&G Engineering General Trading and Contracting Company W.L.L. amounting to KD 196,765, Kuwaiti Distributor Company for Chemical Materials W.L.L. amounting to KD 499,949, and Warba National Contracting Company W.L.L. amounting to KD 2,976,516.

At 31 December, The carrying amount of O&G Engineering General Trading and Contracting Company W.L.L. CGU has been reduced to its recoverable amount through recognition of an impairment loss amounting to KD 156,719 against goodwill, this loss is included in the statement of profit or loss. The Group assessed the recoverable amount of goodwill for other CGUs and determined that there was no impairment in the value of goodwill. The recoverable amount was assessed by reference to the CGUs value in use.

8 INVESTMENT IN AN ASSOCIATE

The details of the associate are below; the country of incorporation is also their principal place of business as at 31 December.

	Country of incorporation	Principal activity	Ownership percentage		Carrying value	
			2022	2021	**2022**	2021
Name of entity						
International Warba Coating Paint Manufacturing Company W.L.L.	Kuwait	Manufacturing and sale of paints	**51%**	51%	**354,580**	601,882

The movement in the carrying value of the associate is as follows:

	As at 31 December	
	2022	2021
As at 1 January	**601,882**	893,782
Share of results	**(94,302)**	(36,900)
Dividends received	**(153,000)**	(255,000)
	354,580	601,882

Summarised financial information

The tables below provide summarised financial information for International Warba Coating Paint Manufacturing Company W.L.L.. The information below reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts).

	As at 31 December	
	2022	2021
Current	**1,293,250**	1,734,149
Assets	**(547,227)**	(603,376)
Liabilities	**746,023**	1,130,773
Total current net liabilities		
Non-current		
Assets	**190,242**	267,550
Liabilities	**(156,530)**	(133,682)
Total non-current net assets	**33,712**	133,868
Net assets	**779,735**	1,264,641

	Year ended 31 December	
	2022	2021
Revenues	**1,612,810**	2,012,154
Expenses	**(1,797,716)**	(2,084,506)
Loss for the year	**(184,906)**	(72,352)
Other comprehensive income	-	-
Total comprehensive (loss)	**(94,302)**	(36,900)

Reconciliation of the summarised financial information presented to the carrying amount of its interest in an associate:

	Year ended 31 December	
	2022	2021
Opening net assets at 1 January	**1,264,641**	1,836,993
Profit for the year	**(184,906)**	(72,352)
Dividends	**(300,000)**	(500,000)
Closing net assets	**779,735**	1,264,641
Downstream transaction	**(84,480)**	(84,480)
Adjusted net assets	**695,255**	1,180,161
Ownership percentage	**51%**	51%
Interest in associate	**354,580**	601,882
Carrying value	**354,580**	601,882

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income represents investment in equity securities. The movement during the year was as follows:

	Year ended 31 December	
	2022	2021
At 1 January	**1,512,647**	4,198,897
Disposal	-	(2,813,604)
Change in fair value	-	127,354
At 31 December	**1,512,647**	1,512,647

10 INVENTORIES

	Year ended 31 December	
	2022	2021
Finished goods	**1,311,722**	477,211
Raw materials	**2,200,109**	2,686,541
Less: provision for obsolete and slow moving items	**(512,982)**	(466,061)
	2,998,849	2,697,691

The movement of the provision for obsolete and slow moving items is as follows:

	Year ended 31 December	
	2022	2021
At 1 January	**466,061**	359,186
Provision for slow moving and obsolete inventories	**46,921**	106,875
At 31 December	**512,982**	466,061

11 CONTRACT ASSETS

	Year ended 31 December	
	2022	2021
Contract costs incurred plus recognized profits less recognized losses to date	**81,579,445**	78,569,255
Less: progress billing	**(76,722,868)**	(74,827,818)
	4,856,577	3,741,437
Less: Credit loss allowance (note 3.1 (b))	**(1,062,385)**	(677,649)
	3,794,192	3,063,788

12 TRADE AND OTHER RECEIVABLES

	Year ended 31 December	
	2022	2021
Trade receivables	**5,834,780**	5,011,768
Expected credit loss allowance for trade receivables (note 3.1 (b))	**(608,570)**	(425,713)
Net trade receivables	**5,226,210**	4,586,055
Advance to suppliers and subcontractors	**3,168,651**	2,819,583
Prepaid expenses	**117,260**	125,120
Commission receivable	**209,317**	209,317
Staff receivables	**96,647**	87,152
Retention receivables	**1,388,195**	1,987,783
Refundable deposits	**49,860**	53,047
Others	**2,045,219**	2,241,924
Less: Expected credit loss allowance for advances	**(294,011)**	(294,011)
Less: Expected credit loss allowance of other receivables (note 3.1 (b))	**(1,490,319)**	(880,332)
	10,517,029	10,935,638

The movement of the expected credit loss allowance for advances is as follows:

Summarised statement of financial position	Year ended 31 December	
	2022	2021
At 1 January	**294,011**	226,551
Increase in loss allowance recognised in consolidated statement of income during the year	**-**	67,460
At 31 December	**294,011**	294,011

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following consolidated statement of financial position amounts:

	Year ended 31 December	
	2022	2021
Bank balances	**556,795**	2,150,128
Time deposits	**1,200,000**	1,200,000
Cash on hand	**11,783**	10,263

Bank balances and cash	**1,768,578**	3,360,391
Less: bank overdrafts	**(392,055)**	(669,714)
Cash and cash equivalents	**1,376,523**	2,690,677

Bank overdraft facilities are mainly from local banks and are denominated in KD. These facilities carry an effective interest rate of approximately 2.5% (2021: 2% to 2.5%) per annum over Central Bank of Kuwait discount rate.

14 SHARE CAPITAL

The authorised, issued and paid share capital as at 31 December 2021 and 2020 is KD 26,384,194 consisting of 263,841,940 shares of 100 fils each. The share capital is paid in cash.

The Parent Company's Ordinary Annual General Assembly meeting ("AGM"), held on 28 April 2022, approved the annual consolidated financial statements for the financial year ended 31 December 2021.

15 RESERVES

(a) Statutory reserve

As required by the Companies Law no. 1 of 2016, its executive regulations and the Parent Company's memorandum of association, 10% of the profit for the year before contribution to Kuwait Foundation for Advancement of Sciences, National Labour Support Tax, Zakat, and Directors' Remuneration is to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of paid up share capital.

Only that part of the reserve in excess of 50% of paid up share capital is freely distributable. Distribution of the balance of the reserve is limited to the amount required to enable the distribution to shareholders of 5% of paid up share capital to be made in years when accumulated profits are not sufficient for the distributions to shareholders of that amount. The Parent Company has not made such transfer to statutory reserve since the Parent Company achieved loss for the year.

(b) Voluntary reserve

According to provisions of the Parent Company's memorandum of association, a percentage of the profit is to be transferred to the voluntary reserve. This transfer may be discontinued according to the shareholders' decision. There are no restrictions on the distribution of this reserve. No transfer to voluntary reserve was done for the current year as the Parent Company's General Assembly Meeting decided to stop transfer to voluntary reserve.

16 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	Year ended 31 December	
	2022	2021
Provision as at 1 January	**1,260,203**	1,435,824
Provided during the year	**212,775**	246,793
Provision no longer required	**(4,269)**	(2,416)
End of service benefits paid	**(496,424)**	(419,998)
Provision as at 31 December	**972,285**	1,260,203

17 LOANS

Term loans balance represents term loans in KD from local banks extended against corporate guarantee provided by the Parent Company and carry effective yield rate ranging from 2.25% to 3.50% as at 31 December 2022 (31 December 2021: 2.25% to 3%) per annum over the Central Bank of Kuwait discount rate.

	Year ended 31 December	
	2022	2021
Current portion		
Due to local banks by the Parent Company	**350,000**	-
Due to local banks related to subsidiaries	**625,000**	174,997
	975,000	174,997
Non-current portion		
Due to local banks by the Parent Company	**2,195,000**	2,545,000
Due to local banks related to subsidiaries	**10,193,000**	10,343,000
	12,388,000	12,888,000

18 TRADE AND OTHER PAYABLES

	Year ended 31 December	
	2022	2021
Trade payables	**2,705,416**	3,130,715
Advances from customers	**464,472**	224,649
Accrued project expenses	**58,926**	29,388
Accrued staff bonus	**38,250**	48,564
Retention payable	**319,330**	316,689
Refundable deposits	**222,885**	222,886
Accrued staff leave salary	**221,114**	146,255
Staff salary payable	**57,693**	106,595
Social security payable	**121,831**	157,168
Accrued expenses and other payables	**1,630,447**	1,619,666
Total	**5,840,364**	6,002,575

19 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2022	2021
Staff costs	**1,289,827**	1,341,303
Rent	**149,669**	152,753
Selling and distribution	**9,674**	15,495
Depreciation	**123,742**	112,752
Other expenses	**372,480**	500,433
Total	**1,945,392**	2,122,736

20 OTHER INCOME

	Year ended 31 December	
	2022	2021
Commission income	**46,213**	289,927

Rent income	**93,480**	84,480
Gain on disposal of property and equipment	**34,000**	68,471
Other miscellaneous income	**451,206**	225,702
	624,899	668,580

21 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Other than what is disclosed elsewhere in the consolidated financial statements, transactions and balances with related parties are as follows:

(a) Balances included in the consolidated statement of financial position

	Year ended 31 December	
	2022	2021
Amounts due to related parties		
Samcrete – Engineers and Contractors – S.A.E – affiliate *	**1,514,524**	1,512,101
Basin Supply Kuwait for Petroleum Services Company W.L.L.- joint venture	-	18,959
International Warba Coatings Paint Manufacturing Company W.L.L. - associate	**3,497**	2,433
SITCO – Korea - affiliate	-	600
Penta Global Engineering Company LLC. - affiliate	**128,652**	128,452
Less: Expected credit loss allowance (note 3.1 (b))	**(356,074)**	(373,872)
	1,290,599	1,288,673

	Year ended 31 December	
	2022	2021
Amounts due to related parties		
	46,153	54,011
Penta Global Engineering Company LLC. - affiliate	**19,698**	973
Other affiliates	**65,851**	54,984

* During 2012 the Group entered a Joint Venture agreement with Samcrete – Engineers and Contractors – S.A.E ("JV partner") to complete a Contract of Construction, Completion and Maintenance Works, Service City Center, Sabah Al-Ahmad City Housing Project 897/2011/2012 by Public Authority for Housing welfare ("the project") and during 2013 the JV partner withdraw from the completion of the project and the Group completed the project. Currently, the Group raised a legal case on the JV partner with an amount of KD 2,032,850. The Group won the legal case and in the process of executing and collecting the amount.

(b) Transactions included in the consolidated statement of income

	Year ended 31 December	
	2022	2021
Key management compensation:		
Short term benefits	**266,847**	332,114
Termination benefits	**14,427**	36,365
	281,274	368,479

22 SUBSIDIARIES AND NON CONTROLLING INTERESTS

Details of the Group's directly owned subsidiaries as at 31 December 2022 and 2021 are as follows:

Name	Country of incorporation	Principal activity	Percentage of ownership 2022	2021
Warba National Contracting Company W.L.L., (WNCC)	Kuwait	Supply of equipment and manufacture and sale of gaskets.	99%	99%
Warba National Group Contracting Company W.L.L., (WNG) (Subsidiary of WNCC)	Kuwait	Local agent for suppliers and sale and manufacture of paint.	99%	99%
Gulf Safety Company W.L.L., (Subsidiary of WNCC)	Kuwait	Supply and installation or security equipment.	99%	99%
SITCO Middle East for Industrial Inspection and Radiation Services Company W.L.L. (Subsidiary of GS)	Kuwait	Industrial inspection and radial services.	51%	51%
O&G Engineering General Trading and Contracting Company W.L.L., (0 & G)	Kuwait	General trading and contracting.	98%	98%
O&G For Renting and Leasing Equipment of All Kinds Company W.L.L.	Kuwait	General trading and contracting.	99%	99%
Cumberland Cathodic Protection Limited (CCPL- England)	United Kingdom	Manufacturing and supplying cathodic products.	100%	100%
Cumberland Cathodic Protection Limited for Petroleum Services Company W.L.L., (CCPL-Kuwait)	Kuwait	Manufacturing and supplying cathodic products.	99%	99%
Kuwait Distributor for Chemical Products Company W.L.L., (KDC)	Kuwait	Supply of chemical products.	60%	60%
Warba Advanced Services & Business Administration Industries Company W.L.L. (Subsidiary of WNCC)	Kuwait	Trading and services	100%	100%

22 SUBSIDIARIES AND NON CONTROLLING INTERESTS (Continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for major subsidiary that have non-controlling interests that are material to the Group. The information below is before inter-company eliminations. Kuwait Distributor for Chemical Products Company W.L.L. (KDC), is a subsidiary that has a material noncontrolling interest.

Summarised statement of financial position

	KDC	
	Year ended 31 December	
	2022	2021
Assets	**2,247,456**	2,450,670
Liabilities	**126,705**	705,143
Total current net assets	**2,120,751**	1,745,527
Non-current		
Assets	**580,737**	480,287
Liabilities	**125,317**	115,366
Total non-current net assets	**455,420**	364,921
Net assets	**2,576,171**	2,110,448

Summarised statement of comprehensive income

	KDC	
	Year ended 31 December	
	2022	2021
Revenues	**3,150,869**	2,581,994
Expenses	**(2,385,146)**	(2,024,743)

Profit for the year	**765,723**	557,251
Other comprehensive loss	**-**	-
Total comprehensive income	**765,723**	557,251
Summarised statement of cash flows	**2022**	2021
Operating	**136,818**	87,785
Investing	**(147,990)**	(56,794)
Financing	**(300,000)**	(350,000)
Net decrease in bank balances and cash	**(311,172)**	(319,009)

23 COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATIONS

	KDC	
	Year ended 31 December	
	2022	2021
Letter of credit	**304,916**	204,676
Letter of guarantees	**10,923,442**	14,147,323
	11,228,358	14,351,999

There are certain other cases in which the Group is a party and are still in progress. The management assess the legal provision at the end of each reporting period and doesn't anticipate any other major legal or financial impact on the company as a result of these cases.