ANNUAL REPORT 2021

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His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
Amir of The State of Kuwait

His Highness
Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of The State of Kuwait

His Highness
Sheikh Sabah Al-Khalid Al-Sabah
The Prime Minister of The State of Kuwait


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Dear shareholders,
Peace Be Upon You,
We are pleased to meet with you today on the occasion of holding the annual General Assembly of the Kuwait and Gulf Link Transport Company, and to present to you the annual report of the Board of Directors, the consolidated financial statements of the company, clarifications thereof, and the auditors' report for the fiscal year ending on 31/12/2021.

Financial Indicators
The operating revenues for the year 2021 amounted to K.D 93,368,422 (Ninety-three million three hundred and sixty-eight thousand four hundred and twenty-two Kuwaiti dinars) comparing to the amount of K.D 104,097,380 (One hundred and four million and ninety-seven thousand three hundred and eighty Kuwaiti dinars) for the fiscal year 2020 with a decrease of K.D 10,728,958 (ten million seven hundred and twenty-eight thousand nine hundred and fifty-eight Kuwaiti dinars) representing the percentage of 10.31%.

The total of operating expenses for the year 2021 amounted to K.D 86,416,792 (eighty-six million four hundred and sixteen thousand seven hundred and ninety-two Kuwaiti dinars) comparing to the amount of K.D 95,064,799 (ninety-five million sixty-four thousands and seven hundred and ninety-nine Kuwaiti dinars) for the fiscal year 2020, with a decrease of K.D 8,648,007 (ninety-five million sixty-four thousands and seven hundred and ninety-nine Kuwaiti dinars) representing a percentage of 9.10%.
The company's loss for the year 2021 reached the amount of K.D 6,637,032 (six million six hundred and thirty-seven thousands and thirty-two Kuwaiti dinars).
There is no doubt that the imposition of strict precautionary measures by the official authorities during the years 2020 and 2021 to limit the outbreak of the Corona virus, which struck the whole world, which had negative repercussions on the performance of the company and its subsidiaries, the company's investments and its financial assets available for sale. Whereas it led to a decrease in the company's revenues and its consolidated subsidiaries and a decrease in the value of some assets and financial assets, as well as the unusually high costs. In addition to the fact that some of its existing projects incurred losses as a result of stopping their business, and also imposed unexpected financial burdens to reduce the risks of this crisis and ensure the continuity of some of its business. All of which led the company to suffer losses during the past two years exceeded the amount of 20 million Kuwaiti dinars.

The Recommendations of BOD to the General Assembly:
The BOD recommends the General Assembly to do the following:
- No dividends shall be distributed for the fiscal year ending on 31/12/2021.
- Not granting a remuneration to members of the Board of Directors for the fiscal year ending on 31/12/2021.
- Approving the recommendation of the Audit Committee regarding the appointment and reappointment of auditors for the company's accounts for the fiscal year that will end on 31/12/2022.
- Amortizing the entire accumulated losses of the company, amounting to KD 19,229,586, as in the financial statements ended on 31/12/2021, by using the entire voluntary reserve balance of 2,103,079 KD and from the share premium balance of KD 17,126,507.

Future Plan:
The company seeks to achieve better results in 2022 by continuing to follow its plans of development and diversification in the services it and its subsidiaries provide to their clients. The company's management pays great attention to updating the strategic directions of the company and its subsidiaries in accordance with the successive changes and developments in light of the updated and new economic and political events regionally and globally, and to evade the negative effects that the Corona Pandemic left on all economic and commercial sectors, which directly affected the public passenger transport sector and bus rental contracts with the Ministry of Education, the goods transport sector, and other transports as a result of the restrictions imposed to limit the spread of the Corona Pandemic and stopping the works of many commercial and industrial sectors that was associated with a high increase in costs. For this reason, the company's management seeks to conclude more contracts and new projects, in addition to the contracts and projects that the company and its subsidiaries are currently implementing with government agencies and the private sector, wishing the company, success, progress and prosperity.
In conclusion, in my name and on behalf of all members of the Board of Directors, I extend my sincere thanks and gratitude to all the company's valued shareholders for their precious trust and continuous support to the Board of Directors in order to achieve the company's goals. I also extend my greetings and appreciation to all the company's employees for their sincere efforts and dedication to work.
We pray to Allah, His Almighty, to perpetuate the blessings of progress and prosperity for us under the leadership of His Highness, the Emir of the country, the faithful Crown Prince, the distinguished Prime Minister and his rational government.
In addition, on your behalf and on behalf of the Board of Directors, we extend our sincere thanks to the employees of the state ministries and institutions for running all our work.

Maher Abdullah Marafi
Chairman of Board of Directors

Maher Abdullah Marafi
Chairman

Fadhel Abdullah Al-Baghli
Vice Chairman

Emad Jumaah Ali Al Salem
Board Member

Mohamad Ahmad Alkandari
Board Member

Yousef Saeed Dashti
Board Member

KUWAIT AND GULF LINK TRANSPORT COMPANY K.P.S.C

CORPORATE GOVERNANCE REPORT
FOR THE FISCAL YEAR ENDED 31/12/2021

Undertaking of the Board of Directors Of Accuracy and integrity of the financials

M/S Shareholders of Kuwait & Gulf Link Transport Co.,

Dear Sirs,
The Board of Directors of Kuwait & Gulf Link Transport Co., undertake the accuracy and integrity of the annual financial statement that were provided to the external auditors, for the purpose of performing the tasks assigned thereto perfectly, in addition to, the annual financial statements of the company fairly and clearly shows reflects the company's financial position, business proceeds, and cash flows as of 31/12/2021, all of which based on the financials and reports received from the Executive Management and after exerting due diligence to verify the accuracy and integrity of the said financials and reports.

Sincerely Yours,

Maher Abdullah Marafie
Chairman

Rule I: **Construct a Balanced Board Composition**
Rule II: **Establish Appropriate Roles and Responsibilities**
Rule III: **Recruit Highly Qualified Candidates for the Members of a Board of Directors and the Executive Management.**
Rule IV: **Safeguard the Integrity of Financial Reporting**
Rule V: **Apply Sound Systems of Risk Management and Internal Audit**
Rule VI: **Promote Code of Conduct and Ethical Standards**
Rule VII: **Ensure Timely and High Quality Disclosure and Transparency**
Rule VIII: **Respect the Rights of Shareholders**
Rule IX: **Recognize the Roles of Stakeholders**
Rule X: **Encourage and Enhance Performance**
Rule XI: **Focus on the Importance of Corporate Social Responsibility**

Introduction

Corporate governance is defined as the set of internal rules, controls and procedures of the companies governing the relationship between the core parties of the Company (Members of the Board of Directors, Executive management, shareholders, other stakeholders ...) which aims to balance the interests of different parties, and to promote the values of responsibility, disclosure, transparency and fairness to ensure the protection of shareholders' rights and other interests and to ensure that the company is managed in manner that serves its stakeholders. Based on the belief of Kuwait Gulf Link Transport Company in the importance of the principles established by Corporate Governance Rules and its pivotal role in helping the company to achieve its objectives to implement its plans and strategy to reach sustainable development in order to achieve the interests of the related parties, the company's Board of Directors has created a set of policies, regulations and systems to act therewith along with the company's applied policies, regulations and statutes to enhance the company's wise governance culture in line with the corporate governance rules established by the Capital Markets Authority of Kuwait, and what is globally recognized.
Based on this principal, Kuwait and Gulf Link Transport Company is always keen to ensure that it is fully committed to all relevant regulations and laws, especially with regards to rules of the Corporate governance and applications thereof.

Rule I: Construct a Balanced Board Composition

- ### Brief on the formation of Board of Directors

The current Board of Directors, composed of five members, was elected by the Ordinary General Assembly which was held on 30/5/2021 for a period of three years. The Board of Directors was formed in accordance with the provisions of the Companies Law no. 1 of 2016, its Executive Regulations and the Company's Articles of Association. In addition, the diversity of scientific and practical experiences was observed in the formation of the Board of Directors in commensurate with the size and nature of the company's activities. Moreover, It was considered that the majority of the members of the Board shall be from the nonexecutive members and that among its members shall be members whom enjoy independence as stated in Article (2-3) of Chapter Two of Book 15 "Corporate Governance".

No.	Name	Classification	Academic qualification and practical experience	Date of election / appointment
1	Mr. Maher Abdullah Marafi (Chairman)	Non-Executive	- Bachelor of Business Administration and Marketing Higher Technical Institute Ain Shams University Egypt. - Board member of KGL Logistics Co. - Member of the Board of Directors of Al Khaleej Shipping & Unloading Co. Ltd. Saudi Arabia. - Former board member and former vice chairman of the association of Shipping Agents. - Former board member of Kuwait Shipbuilding and Repair Company. - Former board member and former chairman of the Gulf Company for the deepening of waterways. - Former member of the Higher Committee of the Ministry of Social Affairs and Labor. - Former member of the Central Committee for the Treatment of Illegal Residents. - Former member of the Executive Committee of the Economic Community. - Former Chairman of Gulf Maritime Services Company. - Active Member of private committees and charities.	30/5/2021
2	Mr. Fadhel Abdullah Al-Baghli (Vice-Chairman)	Non-Executive Member	- Holds Bachelor of Science in General Business Management/ Marine & Coastal Zone Management, - Holds a Bachelor of Arts in Marine Affairs from the University of Miami, School of Marine & Atmospheric Science in 1981 & Drake University Des Moines, Iowa in 1978 - Possesses a Diploma in Port Operations, Planning, Development & Port Management in 1984 from the Port of Felixtow Institute in England, - Possesses a Diploma in Port Management from the Institute of Singapore in 1983. - Chairman of KGL Ports International (KGL PI) - Chairman of Kuwait Overland Transport, Freight & Storage Association - Member of the US Naval Academy in Maryland, International Oceanography Foundation in Miami, USA	10/6/2021
3	Mr. Emad Jumaah Al Salem (Board Member)	Independent	- A holder of Bachelor of Science in Business Administration from the University of Minnesota State in Mankato, USA - Worked as computer programmer at KOC during the period 1985-1992. - Worked as Director of Information Technology Security in Kuwait Company for Trade, Contracting and Foreign Invest-ments during the period 1992-1994. - Worked as Director of Information Technology at Kuwait Clearing Company (1994-2014).	30/5/2021
4	Mr. Mohamed Ahmad Al-Kandari (Board Member)	Independent	- A holder of a bachelor's degree in Science/ Industrial Engineering from USA. - A Holder of a professional certificate (Certified Internal Auditor) from the Institute of Internal Auditors in the United States of America. - Worked as system analyst in Kuwait Oil Company during 1979-1985. - Worked as technical support coordinator in Kuwait Petroleum Corporation (Internal Audit Department) 1985 - 1991. - Worked as manager of the internal audit in Petrochemicals Industry Company during 1991-1996. - Worked as manager of the internal audit in Kuwait Oil Company during 1996-2005. - Worked as manager of the internal audit in Equate Company during 2008-2014.	30/5/2021
5	Mr. Yousef Saeed Dashti (Board Member)	Non-Executive	- A holder of a bachelor's degree in Science/Business Management from South California University, USA. - Director General of Kuwait Motoring Company. - Worked as Assistant Manager for Business Development in Kuwait & Gulf Link Holding Company during 2007-2009. - Worked as fleet manager and office manager in KGL Transport Company during 2009-2016.	30/5/2021
6	Mr. Ahmed Afify Mahmoud	Secretary	- A holder of Bachelor of Law, Cairo University. - Has over 30 years of experience in the field of legal work, and has extensive experience in the field of corporate law, laws and regulations governing securities activity. - Current and former member of several boards of directors of Kuwaiti shareholding companies.	30/5/2021

Brief on the meetings of the company's Board of Directors

- ### Board of Directors meetings during 2021

The BOD of Kuwait & Gulf Link Transport Co. held (7) meetings during 2021, in which discussed subjects, strategies, phasing financial statements of the company, as well as the annual financial statements. The BOD had formed 3three specialized committees (Audit Committee …etc.

Below a table of the Board of Directors' meetings during 2021

S. No.	Number and date of the meeting / Name and position	Meeting (1) 7/2/2021	Meeting (2) 30/3/2021	Meeting (3) 14/7/2021	Meeting (4) 11/5/2021	Meeting (5) 10/6/2021	Meeting (6) 17/6/2021	Meeting (7) 14/11/2021	Meeting (8) 26/12/2021	Meetings Attended
1	Mr. Maher Abdullah Marafi Chairman of the Board	✓	✓	✓	✓	✓	✓	✓	✓	8
2	Mr. Fadhel Abdullah Al-Baghli Vice- Chairman of the Board				✓	✓	✓	✓	✓	5
3	Dr. Ali Ismail Dashti Former Vice- Chairman of the Board	✓	✓	✓						3
4	Mr. Yousef Saeed Dashti Member of the Board	✓	✓	✓	✓	✓	✓	✓	✓	8
5	Mr. Emad Jumaah Al-Salem Member of the Board - Independent	✓	✓	✓	✓	✓	✓	✓	✓	8
6	Mr. Mohammad Ahmad Al-Kandari Member of the Board - Independent	✓	✓	✓	✓	✓	✓	✓	✓	8
7	Mr. Ahmed Afify Mahmoud Secretary of the Board	✓	✓	✓	✓	✓	✓	✓	✓	8

√: Attended x: Apologized from Attendance

- ### A brief on Application of the requirements of registration, coordination, and recording the meeting minutes of the Board of Directors

The secretary of the company's Board of Directors has been appointed from the company's staff who enjoys university qualifications and related practical experience. The terms of reference and powers of the Board shall govern the functions and responsibilities of the Secretary of the Board of Directors, including but not limited to the following:

1. Preparing the meetings of the Board of Directors and ensuring that all legal requirements are met and working to ensure their success.
2. Coordinating and preparing all reports, presentations, proposals and other materials submitted to the Board of Directors and providing the members of the Board of Directors with such information for their consideration.
3. Drafting the agenda of the meetings of the Board of Directors and the resolutions of the Board and obtaining the approval of the Chairman of the Board before presenting them to the Board of Directors.
4. Recording and maintaining all minutes of meetings, records and books and reports of the Board of Directors that are submitted by the Board of Directors and provided that the minutes of meetings should be signed by him and all the members present.
5. Ensuring that the members follow the procedures approved by the Board and ensuring that the

meetings of the Board are notified three working days before taking into account the emergency meetings.
6. Assisting members of the Board of Directors in full and rapid access to all minutes of meetings of the Board and information and documents and records relating to the company.
7. Ensuring the proper delivery and distribution of information and coordination among the members of the Board and among the other stakeholders in the company, including the shareholders and the various departments of the company and employees under the supervision of the President.
8. Maintaining the confidentiality of the information and all the documents of the Board of Directors and other relevant documents.

- **Acknowledgment of the independent Board member that he enjoys the controls of the impartiality, a copy of the acknowledged to be attached to the report.**

إقــــــرار

أقر أنا **عماد جمعة علي السالم** بصفتي عضو مستقل في مجلس إدارة شركة رابطة الكويت والخليج للنقل (ش.م.ك.ع) بأنه تتوافر لدي كافة شروط الاستقلالية المنصوص عليها في المادة (2-3) من كتاب حوكمة الشركات باللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية.

وهذا إقرار مني بذلك.

اسم العضو: عماد جمعة علي السالم

التوقيع:

التاريخ: 2021/6/10

إقــــــرار

أقر أنا محمد أحمد إسحاق الكندري بصفتي عضو مستقل في مجلس إدارة شركة رابطة الكويت والخليج للنقل (ش.م.ك.ع) بأنه تتوافر لدي كافة شروط الاستقلالية المنصوص عليها في المادة (2-3) من كتاب حوكمة الشركات باللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية.

وهذا إقرار مني بذلك.

اسم العضو: محمد أحمد إسحاق الكندري

التوقيع:

التاريخ: 2021/6/10

Rule II: Establish Appropriate Roles and Responsibilities

- **Brief on Company's performance of determining tasks, responsibilities and duties of the BOD Members and Executive Management, as well as the au-thorities and powers conferred to the Executive Management**

  - **The role and responsibilities of the Board of Directors**

The main role of the Board of Directors is to represent all shareholders in the management of the Company, and to implement their decisions that are issued through the General Assembly in its ordinary and extraordinary capacity, to take responsibility for achieving the Company's strategic objectives, maximizing its assets, empower its competitive ability locally and regionally, and to maintain the company's leadership firmly and wisely.

The Board of Directors is responsible for identifying and approving the Company's main and strategic objectives, applying and ensuring the effectiveness of the rules of governance, supervising capital expenditures, ensuring that the approved policies and regulations of the Company are transparent and clear as to premises process of taking decisions and achievement of the wise governance principals. Moreover, the formation of specialized committees that help the board to carry out its work, set its policies, define its tasks, the way it is formed and the duration of its work, and ensuring the clarity of the powers and authorities between the Board of Directors and the executive management, and the extent of the company's compliance with the policies and procedures that ensure the company's respect for the internal rules and regulations in force, as well as the laws and regulations in force in the country. Furthermore, verify the appropriateness of the organizational, administrative, and accounting structures of the company and its group, as well as the supervision and control tasks of the company's administrative apparatus and ensure that it is of a large amount of efficiency and effectiveness and that it carries out the tasks assigned thereto according to the powers granted thereto... etc.

The Board of Directors is responsible for approving the interim and annual financial statements, ensuring the soundness of the Company's financial and accounting systems, including relevant financial reporting systems, and presenting a report on the Company's activity and financial position on an annual basis to the General Assembly, and presenting the recommendation to the general assembly regarding the distribution of profits and approval to appoint, reappoint or dismiss the auditor appointed by the shareholders based on their approval during the company's annual General Assembly meeting, according to the recommendation of the audit committee.

  - **Role and responsibilities of the Chairman of the Board of Directors**

The Chairman of the Board of Directors is the legal representative of the Company before third parties in accordance with the Articles of Association of the Company. He shall supervise the proper functioning of the work within the board, and encourages members of the board to participate collectively and effectively in the management of the affairs of the board to ensure that the board carries out its responsibilities in the interests of the company, and he shall coordinate with the chief executive officers and heads of the committees and the secretary of the Board of Directors to set the schedule for the meetings of the Board of Directors and its committees, and other important meetings, and to ensure that the board discusses all essential issues in an effective and timely manner. The chairman is also responsible for overseeing the receipt of accurate and clear information at the appropriate time and ensuring communication between the company and its shareholders and communicating their opinions to the board. Moreover, the Chairman also conducts detailed discussions on strategies and financial statements (quarterly and annually), reviewing operational plans, and the chairman of the Board of Directors plays a leading and effective role in close cooperation with the Company's CEOs.

- **Role of the Executive Management**

The company has a staff of CEOs and executives at a high level of efficiency, and the corporate governance framework reflects what was stated in Article 10-3 of Chapter XV "Corporate Governance" of the executive regulations of the Capital Markets Authority Law and the responsibilities and tasks of the executive management that adheres thereto. In light of the powers and authorities delegated and approved by the Board of Directors, where the executive management works to manage the day-to-day work of the company and conduct its activities, and to manage the company's resources in the optimal way to maximize profits and reduce expenses in implementation of the goals and strategies set out by the Board of Directors, and to carry out the tasks assigned thereto by the Board of Directors and submit financial and non-financial reports to the Board on the company's activity and the come outs of its work, and close cooperation with the Board of Directors and departments affiliated to the committees emanating from the Board.

- **The achievements of the Board of Directors during 2021.**

- Follow-up the implementation of strategic projects aimed at achieving the sustainable development of the company.
- Approving the interim and annual financial statements of the company.
- Reviewing reports issued periodically by the auditors on the company's financial position.
- Reviewing reports and recommendations issued periodically by committees emanating from the Board of Directors.
- Approving the annual report of the Audit Committee and the Corporate Governance Report for the year 2020, which were presented to the Ordinary General Assembly during the year 2021.
- Control and supervise the performance of members of the executive management and ensure that the executive management operates according to the policies, regulations, and resolutions approved by the Board of Directors.
- Follow-up the progress of the company's and its business's accomplishment through periodic meetings with the executive management and discussing the results of the company and its subsidiary companies through a package of periodic reports.
- Approving the recommendation of the Auditing Committee to the General Assembly to appoint the company's auditors for the year 2021 and fix their fees.
- Reviewing reports issued periodically on the effectiveness and adequacy of the internal control systems in effect with the company and its subsidiaries.
- Approving the estimated balance sheet and the annual plan for 2021.
- General supervision of the application of corporate governance rules.
- Discussing and approving the agenda of the General Assembly and the Extra-Ordinary General Assembly and all its contents.

• Committees of the Board of Directors.

In light of application of the proper governance rules in the company, the Board of Directors of Kuwait and Gulf Link Transport Company has formed three specialized committees to assist the Board of Directors in carrying out its supervisory and overseeing responsibilities effectively in each committee's scope of responsibilities approved by the Board of Directors and according to the regulatory and organizing requirements. The duration of the work of each committee begins from the date of its formation and for a period of three years, and ends upon end of the membership of the Board of Directors for any reason. The three committees, Audit, Nominations and Remunerations and Risk Management, may be reformed, whenever necessary, under a resolution by the Board of Directors.

1- Audit Committee

The Audit Committee is composed of three members with financial expertise in the field of auditing, and the Audit Committee reviews the financial statements before submitting them to the Board of Directors and making recommendations thereon to ensure the fairness and transparency of the financial reports, studying the financial and accounting policies adopted by the Company, and assessing the adequacy of internal financial and control systems and controls on a regular basis and the technical supervision of the company's internal audit unit; where the internal audit unit submits its reports directly to the audit committee to ensure the independence of these internal controls. The Committee also presents its recommendations regarding the appointment or re-appointment or change of external auditors and fix their fees after making sure of their non-provision of services to the company except services required under Audit profession to enable the board to approve such recommendations at the annual general assembly meeting. The Audit Committee held (8) meetings during 2021.

- **Formation of the Audit Committee:**

1. Mr. Mohamed Ahmad Alkandari (Chairman)
2. Mr. Emad Jumaah Al Salem (Member)
3. Mr. Yousef Saeed Dashti (Member)

The tasks and achievement of the committee are as follows:

1. Review the annual and quarterly financial statements before submitting them to the Board of Directors, and submit their recommendations to the Board.
2. Submit recommendations to the Board of Directors regarding the reappointment of auditors and fixing their fees.
3. Discuss the auditors' reports and discussing them on the review and auditing works.
4. Follow up the company's auditors' work and ensure that they do not provide any services outside the scope of the audit.
5. Review the accounting policies used, and submit a recommendation thereon to the board.
6. Supervise the company's Internal Audit Department to ensure its effectiveness in carrying out the tasks assigned thereto.
7. Review the reports of the Internal Audit Department related to the company and its subsidiaries, to ensure the company's compliance with the applicable laws, policies and regulations.
8. Review and approve the annual audit plan.
9. Evaluation of the adequacy of the internal control systems applied within the company and submitting its recommendations in this regard to the Board.
10. Review the independent auditor's report on the work of the internal audit systems review and evaluation of ICR and recommending the Internal Audit Department to take the necessary measures in this regard.
11. Preparation of the annual report of the audit committee in preparation for Recite it in the general assembly.

Report of the Audit Committee for 2021

Dear Shareholders,
Peace, mercy and blessings of Allah be up on you,
On behalf of the members of the Audit Committee of Kuwait & Gulf Link Co., I am pleased and honored to present to you today the report of the 2021 Annual Audit Committee on the occasion of the Annual General Meeting of the Company including the tasks and achievements of the Audit Committee for 2021.

First: Audit Committee Objectives

The main objective of the Audit Committee of the Board of Directors is to assist the Board of Directors to perform its functions and supervisory responsibilities to ensure the integrity and soundness of the Company's financial reports and to ensure the adequacy and effectiveness of the Company's internal control systems through the Committee's direct contact with the parties involved in the preparation and review of financial reports, financial management, internal audit, external auditor, executive management and to monitor the effectiveness of the audit of the financial statements of the company, whether internal audit or external audit and ensure the independence and neutrality of the observer the external auditor.

Second: Audit Committee Formation

The Audit Committee shall consist of three members (one non-executive member and two independent members) fully familiar with the accounting and financial fields, the Secretary of the Committee, who shall perform the Blogging tasks of recording and signing minutes of the members meetings and coordinating with the Chairman of the Committee to prepare the agendas and reports of the Committee.

Third: Committee's Membership Duration

According to the Charter of the work of the Audit Committee, the membership shall be for three-year term beginning from the date of formation thereof and ends with its Board of Directors term expiry for any reason.

Fourth: Committee Meetings

The Committee holds its meetings at the Company's headquarters on a regular basis and whenever necessary, at least once every three months. The Committee also holds periodic meetings with the External Auditors and at least four times with the Internal Auditor. The members of the Committee may meet using modern means of communication or by circulation; where the Committee during 2021 held eight meetings, during which it discussed several issues related to the interim financial statements, the auditor's report, the appointment of an independent auditor to review the internal control systems…etc. Moreover, these meetings were attended by the internal Auditor and the Account Auditor to discuss and listen to their opinions in their respective fields. The committee has submitted its recommendations to the Board of Directors to take the necessary action thereon.

Fifth: Results of the work of the Committee

During its work in 2021, the Committee has achieved many of its goals and responsibilities assigned thereto represented in the following:

1. Review the annual and quarterly financial statements before submitting them to the Board of Directors, and submit their recommendations to the Board.
2. Reviewing the independent auditor's report on the work of the internal audit systems review and evaluation (ICR) and recommending the internal audit department to take the necessary measures in this regard.
3. Submit a recommendation to the Board of Directors regarding the reappointment of auditors and fixing their fees.
4. Discussing the auditors' reports and listening to their opinions on the audit and auditing work.
5. Follow up the company's auditors' work and ensure that they do not provide any services outside the scope of the audit.
6. Review the accounting policies used, and submit a recommendation thereon to the

board.

7. Supervising the company's internal audit department to ensure its effectiveness in carrying out the tasks assigned thereto.
8. Reviewing all the reports of the internal audit department related to the company and its subsidiaries, to ensure the company's compliance with the applicable laws, policies and regulations.
9. Review and approve the annual audit plan.
10. Evaluating the adequacy of the internal control systems applied within the company and submitting its recommendations in this regard to the Board.

Sixth: Committee's Work plan during the financial year 2021

To complement the functions and responsibilities assigned to the Committee by the Board of Directors, the Committee shall endeavor during 2022 to do the following:

1. Recommending the Board of Directors to appoint, reappoint or change of the external auditors and the determination of their fees.
2. Following up the work of the external auditor and the internal auditor and ascertaining the extent of their independence.
3. Ensuring the adequacy and efficacy of the disclosure in the quarterly and annual financial statements by following up the company's disclosure of all aspects and financial policies followed in the preparation of the financial statements and discussing the disclosure of important events in the financial statements, as well as discussing the financial decisions affecting the financial statements and how to disclose them in the complementary clarifications.
4. Ensuring that the internal control systems of the company is providing accurate accounting and administrative data and information to the Board of Directors, on which the it can rely on to make decisions.
5. Ensuring that the company's internal control system provides accurate accounting and management data and management for reliable decision-making.
6. Ensuring that there are no violations to the company's Articles of Association as well as the laws, provisions and regulations relating to the company's activities.
7. Following up of the internal audit unit of the company to review all the work of payments and receipts, whether by checks or in cash.
8. Studying all reports prepared by the independent auditors and the internal audit unit of the company, and the position of observations and recommendations contained therein, which might be discovered during the review and the reflections and effects of those observations, as well as reviewing the comments of board on those remarks.
9. Discussing the items of the financial statements with the financial manager of the company and requesting clarifications and analyses that the committee may consider necessary to approve the results of the work.

Finally, I would like to thank the members of the Board of Directors and the Executive Management for their exerted efforts with the Committee during 2021 and their lasting keenness to the optimum implementation of the laws and regulations issued by the regulatory Board of Directors for the interest of the Company. In addition, I would like to thank Mr. Rashed Ayoub Al-Shadad from Rodl Middle East Burgan, International Accountants, Ali Al-Hasawi & Partners, and Mr. Qais Mohammad Al-Nisf from BDO Al-Nisf & Partners in their capacity as auditors for the company's financials and to all their teams for their provided cooperation and fruitful views of the Committee. Peace, mercy and blessings of Allah be upon you.

Head of the Audit Committee

2. Nominations and Remuneration Committee

The Nomination and Remuneration Committee is composed of three members, chaired by a nonexecutive Board member, the Committee held two meetings during 2021.

- **Formation of Nominations and remuneration Committee**

1. Mr. Maher Abdullah Marafi (Chairman)
2. Dr. Ali Ismail Dashti (Member)
3. Mr. Emad Jumaah Al-Salem (Member)

• Brief of the tasks and achievements of the Committee

- Discussing the remunerations of the members of the Board of Directors, and the committees emanating therefor, as well as the senior executive management.
- Review the company's remuneration policy to attract efficient and retain qualified employees in order to achieve the company's strategic goals.
- Prepare a detailed annual report on all remunerations granted to members of the Board of Directors and the executive management and submit its recommendations in this regard to present the same to the General Assembly of the company for approval.
- Ensure that the independent status of members of the Board of Directors is not removed.

3. Risk Management Committee

The Risk Management committee comprises of three members headed by a nonexecutive board member. The Risk Management Committee held four meetings during 2021.

- **Formation of the Risk Management Committee**

1. Mr. Emad Jumaah AlSalem (Chairman)
2. Mr. Mohamed Ahmed Alkandari (Board Member)
3. Mr. Yousef Saeed Dashti (Board Member)

• Brief on the tasks and achievements of the committee

- Assist the Board of Directors in identifying and assessing the acceptable level of risk in the company, and ensuring that the company does not exceed this level of risk after being approved by the Board of Directors.
- The Risk Management Committee is responsible for preparing and reviewing risk management strategies and policies before they are approved by the Board of Directors.
- Ensuring the implementation of risk management strategies and policies, and that they are commensurate with the nature and size of the company's activities.
- Ensuring the independence of the risk management staff from the activities that may result in the company's exposure to risks.
- Ensuring that risk management personnel have a full understanding of the risks surrounding the company and working to increase employees' awareness and knowledge of risk culture.
- Discussing the periodic reports of the risk management unit and submitting a recommendation thereon to the Board of Directors.
- Submitting recommendations to the Board of Directors to reduce the risks associated with the repercussions of the Corona pandemic on the activities of the company and its subsidiaries.
- Reviewing the periodic reports about the nature of the risks to which the company is exposed and submitting its recommendations in this regard to the Board of Directors.
- Reviewing the issues raised by the related audit committee that may affect the company's risk management.

- **Brief on how to apply requirements that allow BOD members to obtain accurate and timely information and data**

  The Secretary of the Board of Directors handle the proper delivery and circulation of information and coordination among the members of the Board of Directors and the Executive Management using the latest technological means provided by the Company to ensure the quick and easy and accurate access to information and data by Board of Directors members.

Rule III: Recruit Highly Qualified Candidates for the Members of a BOD and the Executive Management

- **A brief on the application of the requirements of the formation of nominations and remunerations Committee.**

  The Board of Directors, following its selection from the General Assembly, formed the Nomination and Remuneration Committee in accordance with the requirements of the Capital Market Authority, as shown above.

  The Company has a policy approved by the Board of Directors to determine the remuneration of the Chairman and Board of Directors Members and the various categories of remuneration awarded to the Executive Management in accordance with the applicable legal and regulatory requirements.

- **Report of the Remunerations granted to Board Member, Executive Management and Managers**

  Kuwait & Gulf Link Transport Co. is always striving to provide a competitive level of remuneration to attract and retain qualified and efficient employees to achieve the Company's strategic objectives, in accordance with the Company's applied salaries and remunerations policy represented in the following

  - **Executive Management Remunerations**

  1. Fixed remunerations (Basic Salaries): This type of remunerations is determined in the light of the skills of the staff and the tasks and responsibilities assigned to them as per job description.
  2. Performance-based variable remuneration: This type of remunerations is linked to assessing the individual performance of each employee and his contribution in the achievement of the company's strategic objectives represented in: annual per-formance remuneration, incentives and shares options.
  3. End of Service Benefits: This type of remuneration is determined according to the provisions of the Labor Law and is payable at the end of service.

  - **Board of Directors' Annual Remunerations**

  The annual remunerations of the members of the Board of Directors shall be determined in accordance with the provisions of Article 198 of the Corporate Law No. 1 of 2016, where the total annual remunerations granted to the Chairman and Members of the Board of Directors shall not exceed more than 10% of the net profit after deduction of consumption and reserves and distribution of profit not less than 5% of the capital to the shareholders. The annual remuneration of the members of Board of Directors and emerged committee's from Board of Directors remunerations are subject to the approval the General Assembly of shareholders based on the recommendation of the nomination and remuneration committee. By virtue of a resolution of the ordinary general assembly of the company, the independent board member might be exempted from the maximum limit of the said remunerations.

- **<u>The remunerations and financial benefits granted to Board of Directors Members and affiliates</u>**

The members of the Board of Directors and the committees emanating from the Board were granted the allowances approved by the Nomination and Remuneration Committee during the fiscal year 2021 in the amount of KD 102,000.

- **<u>The remunerations financial benefits granted to Executive Management Members, Directors and affiliates</u>**

Directors of the Executive Management, including CEO and Executive Directors were granted fixed and end of service remunerations during the fiscal year 2021 with a total amount of KD 405,288 as detailed below.

Fixed Remuner-ations	Variable Remu-nerations	End of service Indemnities	Total Remunerations & Annual Benefits in KD
386,134	-	19,154	405,288

The committee did not notice any material deviations from the remuneration policy approved by the Board of Directors.

Rule IV: Safeguard the Integrity of Financial Reporting

- **Written commitments by the BOD and Executive Management to the safety and integrity of the prepared financial reports:**

The company is always keen on the integrity and integrity of financial statements to shareholders, therefore, Company's Board of Directors Executive Management undertakes in writing by the correctness and integrity of all financial statements, and that the Company's financial statements present fairly and clearly the financial position, results of operations and cash flows of the Company and are prepared in accordance with the approved International Accounting Standards.

The Board of Directors of the Company also undertakes to the shareholders by the correctness and integrity of the financial statements as referred to in the Company's annual report.

- **Brief on applying the requirements of forming Audit Committee:**

The Board of Directors had formed the audit committee in accordance with requirements of Capital Market Authority and referred to above.

- **In the event of a conflict between the recommendations of the Audit Commit-tee and the decisions of the BOD, a statement shall be included detailing and clarifying the recommendations and the reasons behind the decision of the BOD not to comply therewith:**

There was no conflict between the recommendations of the Audit Committee recommendations and the Board of Directors' resolutions during 2021.

- **Emphasis on the independence and neutrality of the external auditor:**

The external auditor of the Company shall be nominated based on the recommendation of the Audit Committee to the Board of Directors, after assuring that he is independent from the Company and its Board of Directors, and assuring that he does not perform any additional works for the Company, which are not included in the revision and auditing works, and which may affect impartiality or independence; provided that the auditor shall be registered at the Capital Markets Authority. The annual ordinary general assembly appoints or reappoints the external auditor based on the recommendation of the Board of Directors.

Rule V: Apply Sound Systems of Risk Management and Internal Audit

- **A brief statement on the application of requirements for the formation of an independent Unit for Risk Management**
  The company has an independent Risk Management Unit subsidiary of Risk Management Committee, its role is to identify, measure, monitor, and limit all risks that the Company may encounter according to the policies applied by the Board of Directors, and preparation of the necessary periodic report in this regard and submit the same to the Risk Management Committee.

- **A brief on applying requirements of the Risk Management Committee**
  The Board of Directors has formed a Risk Management Committee in accordance with the requirements of the Capital Market Authority as referred to above.

- **A brief shows Internal Control & Supervision Systems**
  The Board of Directors actively attempts to verify the adequacy and effectiveness of the company's internal control system through its emanating committees. To achieve such, it uses independent auditing offices at a high level of professionalism and adopts reliable methods to examine and evaluate the efficiency and effectiveness of the internal control systems used in the company and its outputs, the extent to which all internal departments comply with these systems, and record deficiencies, if any, to ensure that the company's assets and the confidentiality of its internal information, disclosing of which vide the other than the established legal methods would harm the interests of the investors.
  The Board continuously reviews the effectiveness of internal control systems through the Internal Audit Management Committee and its Risk Management Committee, along with the Internal Audit Unit that monitors financial and accounting policies, financial controls and internal controls, and submits reports including the proposed corrective actions to all problems monitored during the audit process. In addition, the risk management unit that monitors issues related to organizational risks and ensures that the company performs its activities in a safe and sound manner that is consistent with the established regulations and systems.

- **A brief statement on the application of the requirements for the formation of an Independent Internal Audit Department**
  The company has an internal audit department affiliated to the audit committee, and it has the qualified human staff to perform its work, and the internal audit department works to review and evaluate the internal control systems applied in the company in accordance with the policies approved by the Board of Directors and the audit plans approved by the audit committee, and preparing periodic reports necessary in this regard and present them to the audit committee.

Rule VI: Promote Code of Conduct and Ethical Standards

- **A brief on work code, which includes criteria and limitations of professional behavior and ethical values.**
  The Board of Directors has adopted the Code of Professional Conduct and Ethical Values of the Company to establish the culture of professional conduct and ethical values within the company to enhance the integrity of the company and maintain its financial integrity. Whereas the Board of Directors and Executive Management are keen to ensure the quality of compliance with this code in the course of daily business, to achieve the interests of all stakeholders and parties concerned in the company and shareholders without conflict of interest and with a high degree of transparency. In addition, the Charter is subject to periodic review to ensure that it complies with all updates and developments in the areas of governance and controlling the Professional Conduct.

- **A brief on policies and mechanisms of limiting Conflict of Interest.**

  The Company firmly believes that its management and decision-making must be based on purely economic principles, so that the Company avoids any conflict of interest of any kind that could affect the economic fundamentals in business management or decision-making. Thus, the Board of Directors has established a policy to prevent conflicts of interest and cover matters related to conflicts of interest in accordance with the Companies Law No. (1) of 2016 and the rules of governance including but not limited to:

  - The person who has a representative in the Board of Directors or a Chairman or a member of the Board of Directors or a member of the Executive Management or their spouses or second-level relatives, may not be entitled to have direct or indirect interest in the contracts and transactions concluded with the Company or for its account unless they are issued by the Ordinary General Assembly; the works made by public competition shall be excepted.
  - The chairman or member of the Board of Directors, even if he is a representative of a natural or legal person, may not use the information obtained by virtue of his position to obtain interest for himself or for others.
  - The Chairman of the Board of Directors or any of the members of the Board of Directors may not combine the membership of the Board of Directors of two competing companies or participate in any business that would compete with the Company or trade for his account or for third parties in one of the branches of the company's activity. Otherwise, the company may claim him for the compensation or to consider the transactions that he has undertaken for his account as if they were performed for the Company's account, unless this was made under the approval of the Ordinary General Assembly.

Rule VII: Ensure Timely and High Quality Disclosure and Transparency

- **A brief on application of mechanisms of accurate and transparent presentation and disclosure that determine aspects, fields, and features of disclosure**

  As a commitment from the Board of Directors to establish a transparent corporate environment in accordance with the best governance rules in this regard, the Board of Directors has adopted a detailed policy of disclosure and transparency mechanisms that specifies the material information to be disclosed and the manner and quality of the disclosure in order to achieve the principle of justice in the provision of appropriate information in a timely manner to help investors to make investment decisions based on correct and adequate information and being accessed by all the beneficiaries equally, and to ensure that information is not leaked to some investors rather than others.

- **A brief on application of the requirements of record for members of BOD and Executive Management**

  The Company has established a special record that includes the disclosures of the members of the Board of Directors and the Executive Management, containing the information and data required to be disclosed in accordance with the requirements of the laws, regulations and the Company's policies in this regard, and being updated periodically.

- **A brief statement on application of requirements of Investors' Affairs Unit**

  The Board of Directors had established the Investor Affairs Unit, which provides the necessary data, information and reports to potential investors in a timely fashion and accurate manner, through the usual known means of disclosure. The Company also created a dedicated portal for corporate governance on its website, and being updated periodically.

- **A brief on how to develop IT infrastructure, and heavily rely thereon upon dis-closures process**

  The company is keen to rely on information technology to communicate with shareholders, potential investors and other stakeholders through the creation of a special section/tab on the company's website for governance, through which it presents information and data that help them to evaluate the company's performance, and works to update is continuously.

Rule VIII: Respect the Rights of Shareholders

- **A brief on the application of requirements for the identification and protection of public rights for shareholders, to ensure equity and justice amongst shareholders**

The Company's Articles of Association, internal policies and procedures guarantee the practice of all shareholders for their rights in a manner that achieves justice and equality in a manner that does not contradict with the laws, regulations, resolutions and instructions in force. The company is also keen to treat all shareholders equally and without any discrimination. The following are of the most prominent public rights of shareholders:

1- Shareholders' general rights

- The Ordinary General Meeting shall only be valid only if it is attended by shareholders representing more than 50% at least of the issued capital. If this quorum is not available at the first meeting, the Ordinary General Assembly shall be held within a period not less than seven days and not exceeding thirty days as from the date of the first meeting at the invitation of a second meeting to discuss the same agenda. Thus, the second meeting shall be considered valid regardless of the number of shares represented therein. Thus, the decisions shall be issued by an overwhelming majority of the shares present at the meeting.
- The Extraordinary General Meeting of the General Assembly shall not be valid unless attended by shareholders representing at least 75% of the issued capital. If such quorum is not available at the first meeting, the Extraordinary General Assembly shall be convened within a period not less than seven days and not exceeding thirty days from the date of the first meeting at the invitation of a second meeting to discuss the same agenda. Its second meeting shall be considered valid if attended by a number of shareholders representing more than 50% of the issued capital. Decisions shall be issued by a majority of more than 50% issued capital.
- Each shareholder has the right to vote on General Assembly resolutions, to discuss the topics on the agenda of the Assembly meeting and to ask questions thereon to the President of the assembly or the Company's Comptroller, and to answer the shareholders' questions to the extent that does not jeopardize the Company's interest.
- The topics before the General Assembly shall be accompanied by sufficient information to enable shareholders to make their decisions.
- Enabling the shareholders to access the minutes of the assembly meeting. The Company shall provide the Capital Markets Authority, the Kuwait Stock Exchange and Ministry of Commerce and Industry with a copy of the minutes of the meeting within fifteen days from the date of the meeting.
- The company announces the results of the General Assembly immediately upon its completion on the Kuwait Stock Exchange website.

2- Shareholders' Rights related to the General Assembly

- Each shareholder, owns shares of the Company, shall have the right to attend the General Assembly, and may authorize another person to attend on his behalf, provided that the authorization is made under the power of attorney or prepared by the Kuwait Clearing Company.
- The Ordinary General Assembly shall be hold at least once per annum during the three months following to end of the financial year of the company through an invitation from the Board of Directors, and whenever necessary.
- The shareholders have the right to call the Assembly to convene within 21 days, in the event of the request of the auditor or a number of shareholders holding not less than 10% of the capital.

- **A brief on the establishment of a special record to be kept with the Clearing Agency as a part of the requirements for continuous monitoring of shareholder data:**
  The record of shareholders of Kuwait Clearing Company shall be kept in accordance with the agreement signed there with, in which the information and data of the shareholders shall be registered. The Company shall keep a copy of this record, and the information and data contained therein shall be treated with the maximum protection and confidentiality.

- **A brief on how to encourage shareholders to participate and vote in the meetings of the Company's General Assembly**
  The company is keen to encourage shareholders to attend and participate in the General Assembly meeting. Whereas the company invites the shareholders are invited to attend the General Assembly meeting including the agenda, time and place of the meeting, by announcing them in accordance with the mechanism specified in the Company's Articles of Association and as stipulated in the executive regulations of Corporate Law, on the website of the Kuwait Stock Exchange, the company's official website, and in two daily newspapers published inside the State of Kuwait. An original copy of the agenda to be sent to the Department of Joint Stock Companies at the Ministry of Commerce & Industry. The company, also, provides full opportunity for shareholders to participate effectively in the meetings of the General Assembly by choosing the appropriate place and time, while the company does not impose any fees on the shareholders in return for attending the General Assembly.
  Voting is a fundamental right of every shareholder and cannot be canceled in any way. The Company shall be committed to avoid any action that may impede the use of the right to vote.

Rule IX: Recognize the Roles of Stakeholders

- **A brief on systems and policies that guarantee protection and acknowledgment of Stakeholders**
  In pursuit by the Board of Directors for maintaining the rights of stakeholders and related parties including employees, creditors, customers, suppliers and investors, the Board of Directors has adopted a clear policy that regulates the relationship with stakeholders and ensures protection and recognition of their rights, in accordance with the provisions of the laws issued in this regard.
  Taking into consideration that any of the stakeholders shall not obtain any preferential advantage through dealing in contracts and transactions that fall within the normal activities of the company.

- **A brief on encouraging Stakeholder to participate in following up company's various activities**
  The company is keen to benefit from the contributions of stakeholders and encourage them to participate in following up activities in conformity with the realization of its interests, where the company provides the information, data and reports necessary to stakeholders in a timely manner and through the applicable methods and means of disclosure, including the company's website, through Investors' Affairs Unite as mentioned above. As well as the company allows stakeholders to report to the Board of Directors any improper practices to which they are exposed by the Company, further to providing appropriate confidentiality and protection to parties reporting in good faith on such practices.

Rule X: Encourage and Enhance Performance

- **A brief on the application of the requirements of development of mechanisms that continuously allow BOD members and Executive Management to obtain training programs and courses:**
  The Board of Directors and Executive Management are provided with an introduction program on the nature of the company's activity and organizational structure, including providing them with the company's

Articles of Association, strategy, annual report, financial statements, and codes of Board of Directors practices, committees and adopted policies, as well as any information, data, reports or other documents. In addition, a plan of appropriate training programs is prepared and approved for the members of Board of Directors and the Executive Management on developments in fields relevant to the Company's business, as the company believes that the continuous training and qualification of Board of Directors members and Executive Management is one of the fundamental pillars of prudent governance. Thus, it contributes significantly to enhancing the performance of the company through the fullest exercise of the tasks and responsibilities entrusted to them by the Board of Directors and the Executive Management.

- **A brief on how to assess the performance of the BOD as a whole, and the perfor-mance of each member of BOD and Executive Management**

  The Company has a set of objective performance indicators approved by Board of Directors for periodic self-evaluation of Board of Directors as a whole and Executive Management, to demonstrate the contribution of each Member of Board of Directors and its emerged committees to achieve Company's strategic goals, through promoting Board of Directors and its members' abilities in all fields related to company's business.

- **A brief on efforts of the BOD to create "value creations" of company's employees, through achieving the strategic goals and improve performance rates:**

  The Board of Directors also works to create institutional values within the company by developing mechanisms and procedures that work to achieve the company's strategic objectives and improve performance rates, which effectively contributes to creating the institutional values of employees and motivating them to work continuously to maintain the financial integrity of the company.

  Among the most prominent efforts that the company undertakes in this regard is to provide an opportunity for all employees to present their new ideas and constructive initiatives to the executive management through discussion meetings to know what efforts can be made to develop the company's business in all specialized fields.

Rule XI: Focus on the Importance of Social Responsibility

- **A brief on development of a policy to ensure a balance between company's goals and society goals**

  The company's Board of Directors adopted a social responsibility policy that aims at linking the company's goals with the goals that the society seeks to achieve, taking into account the social and economic aspects of the society, in terms of job opportunities, project support, provision of awareness programs, charitable initiatives, healthcare and environment protection … etc.

- **A brief on the programs and mechanisms used to help highlighting the compa-ny's exerted efforts in the field of social work**

  Kuwait & Gulf Link Transport Co. (KSPC) and its subsidiary companies seek to direct all their businesses and activities towards society service, and the Group is always keen on the quality of services it provides to all needs of society in order to meet the needs of society so as to participate in the sustainable development of the society as a whole. Moreover, the initiatives adopted by the group in many social and health activities, such as support for loyal heroes in the front lines who have provided the most valuable and precious in fighting the outbreak of the Corona Pandemic, as well as social, sports, environmental, cultural and health activities in the context of social responsibility. The company harnesses all its energies and capabilities in volunteer work, and uses all technological means to highlight its efforts in community work in these fields, including but not limited to, social media, and among the activities and programs that the company is keen to contribute to are the following:

In the field of sustainable development, the company's programs aim to provide a livelihood in an appropriate manner locally and environmentally sustainable through:

- Providing vocational training for national manpower to raise their competitive abilities.
- Providing employment vacancies without distinction based on gender or age group.
- Supporting development projects in the country.
- Applying all security, health, and safety standards to the services provided by the Group.
- Holding workshops and spread of awareness leaflets aimed at raising the awareness of the community of the environment and health and security and safety requirements.
- The company is also keen to participate in economic conferences that aim to achieve sustainable development at the international level and the countries of the Gulf Cooperation Council, with the goal of exchanging international experiences and knowledge that achieve development and prosperity for the Kuwaiti society.

Traffic

- Participating in awareness campaigns that aim to spreading traffic awareness among the different sectors of society at the local and regional levels.
- Honoring the winners of individuals, leaders and groups for their outstanding performance and distinctive performance in the development of traffic safety concepts and conscious leadership.
- Holding workshops and distributing awareness leaflets that aim to raise the awareness of society about the negative effects of road accidents and security and safety requirements.

Health

- Support awareness campaigns about the dangers of the emerging Corona Virus and ways to prevent it.
- Provide many initiatives to government agencies to contribute to curbing the spread of the new Corona virus by placing all the energies and capabilities that the group possesses and harnessing them at the disposal of government agencies.
- The company is keen to support blood donation campaigns annually in cooperation with the Central Blood Bank, in compliance with the principles of cooperation, social and humanitarian support to meet the needs of patients and save lives.
- Support awareness campaigns that discuss the public health, communicable disease treatment and prevention thereof.

Environment

- Supporting the campaigns of governmental and non-governmental agencies to preserve the environment.
- Publicizing the culture of separation of wastes from the source and provide the necessary support to urge members of society to do so.
- Holding workshops and distributing awareness leaflets aimed at raising the awareness of society about the need to preserve the environment.
- Developing the services provided by the Group in this area in order to reduce pollutants that may be harmful to both human health and the environment.
- Participating in campaigns that encourage the reduction of energy consumption and natural resources.

Most important contributions of the group in 2021.

- The company participated with the leadership and people of the sisterly United Arab Emirates in its celebrations on the occasion of the National Day, where the company presented its golden sponsorship to the Embassy of the United Arab Emirates in Kuwait. It also held several national events to celebrate the National Day, at the Jumeirah Hotel. The celebration was witnessed by ministers and officials in the public sectors and a number of strategic partners.

- The company provided full support in emergency situations to the members of the General Fire Department based on their exerted efforts, courage and dedication they showed in dealing with the repercussions and risks of the unstable weather conditions that the country witnessed, and in return for the risks firefighters face in extinguishing fires and their great role in protecting lives and property.

- The group directed its capabilities by sponsoring the Abdullah House for Child Care, which is the largest charitable project for palliative treatment in the world, which provides its services to 500 children through 3 special sections for domestic service, in addition to its outpatient clinics. Moreover, it also provides support to their families in an intimate, child-friendly family atmosphere, and provides comprehensive and flexible family care. Furthermore, the center provides services that include assistance in relieving pain and controlling symptoms.

- Under the supervision and presence of the Chairman of the Board of Directors and Director General of the Environment Public Authority Sheikh Abdullah Al-Ahmad, and based on the company's strategy aimed at supporting the environment and preserving it from pollution by devoting all efforts and activities to achieve this aim, the company has adopted the Environment Public Authority's campaign and initiative to plant nearly 3000 Sidr trees In the Jahra Reserve, in cooperation with government agencies, public benefit institutions, environmental activists, students of military colleges, and some company employees.

- The company launched its annual media and advertising campaign to congratulate His Highness the Amir Sheikh Nawaf Al-Ahmad Al-Sabah, His Highness the Crown Prince, Sheikh Mishaal Al-Ahmad Al-Sabah, and all the Kuwaiti people on the occasion of the National Day and Liberation Day. It was accompanied by a party for the company's employees, based on the company's social responsibility in instilling the patriotic spirit in the citizen and the resident, praying to God Almighty to protect Kuwait and its people from all harm.

- The company's maintenance technicians participated in "Kia Al-Mutawa" training workshop on ways to use the latest technical inspection equipment to ensure the highest levels of efficiency and accuracy in work, and enable them to perform the necessary maintenance for Kia cars that the company rents to its business partners in various vital sectors in Kuwait.

- The company directed a campaign to clarify the danger of carbon emissions from equipment, heavy machinery and buses, believing in its role in providing environment-friendly equipment and buses with new models that take into account environmental requirements, on a regular basis, to maintain air purity from harmful or toxic emissions, which contributes in reducing pollution.

- The company presented its biannual awareness courses for all its employees about the importance of following security and safety standards and measuring the extent to which employees' work with international standards for professional safety and health. Whereas the company measures the extent to which risks are identified and the procedures followed to reduce them, in addition to the development programs followed by the Security Department, measure emergency readiness plans and reactions when they occur.

- The company participated in the National Day of the Kingdom of Saudi Arabia, where the company is concerned with the social value of this day due to the social and commercial ties that unite the Kingdom with the management and employees of the company, and the company is keen on this day to provide all support for the success of this day through its branches in the Kingdom that work on providing all the needs of the market and the state free of charge, given the importance of this day in the history of the Kingdom.

- A team of the company's employees participated in the Innovation Challenge Program and provision of an educational opportunity by merging the team with trainees from different sectors and companies, for one goal: stimulating a culture of innovation in cooperation with the Kuwait Foundation for the Advancement of Sciences.

- The company participated with its golden sponsorship of the Show-Jumping League at the Kuwait Equestrian Center, organized by the Kuwait Equestrian Federation headed by Mr. Masoud Jawhar Hayat, and in the presence of the Secretary General of the Equestrian Federation Mrs. Nabila Al-Ali, the player of the Kuwait Equestrian Club, the Season's Knight, Ali Jassim Al-Kharafi, the Kuwait Knight and the show-jumping champion Sheikh Youssef Mishaal Al-Sabah.

- The company supports sports activities and events within its national role and social responsibility in spreading the culture of youth skills development and making an influential imprint in the Kuwaiti society.

KGL still has a record full of social contributions that there is no enough space to be mentioned, all of which are based on its firm belief in the importance of the modern social role of companies. Its mission is not limited to achieving the profitability and financial returns of its shareholders or to provide direct services to the beneficiaries of its activities and business, but it also triggers the increase of the social awareness of all its managers and employees, and urging all stakeholders to support these efforts for the advancement of society and its wellbeing, hence this mission becomes one of the duties of the company and one of its primary responsibilities that it seeks to achieve either directly or through supporting government efforts or institutionalizing civil society or public benefit associations to ensure the success of future state plans towards progress and prosperity for both individuals and society alike.

Company's Managment

KUWAIT AND GULF LINK TRANSPORT COMPANY K.P.S.C.
AND ITS SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021
WITH
INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

The Shareholders
Kuwait and Gulf Link Transport Company K.P.S.C.
State of Kuwait

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Kuwait and Gulf Link Transport Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

1. As disclosed in Note 7 to the consolidated financial statements, the Group has an investment in KGL Logistics K.P.S.C. (the "associate"), with a shareholding of 47.24% and carrying value of KD 41,696,077 as at December 31, 2021 (2020: KD 41,318,908) and the share of results amounted to gain KD 306,676 for the year ended December 31, 2021 (2020: loss KD 1,911,362). The following cases relate to the associate's ongoing legal dispute with Kuwait Port Authority ("KPA"):

a) The dispute of Mina Abdulla industrial land by which the Court of Appeal issued a judgment dated June 16, 2019 to withdraw the Mina Abdulla industrial land that is classified as investment properties amounting to KD 37,500,000 (2020: KD 37,668,000). Kuwait Port Authority ("KPA") executed the judgment of the Court of Appeal and has withdrawn part of the Mina Abdulla industrial land, but later, the Court of Appeal upheld the judgment issued by the Court of First Instance upholding annulment of all implementation procedures.

Independent Auditors' Report (Continued)

Report on the Audit of Consolidated Financial Statements (Continued)

Basis for Qualified Opinion (continued)

b) The dispute of Shuwaikh Industrial land by which the Court of First Instance issued a judgment dated December 24, 2020 to withdraw the Shuwaikh Industrial land that is classified as investment properties amounting to KD 3,237,000 as at December 31, 2021. Subsequently, the Court of Appeal upheld the judgment issued by the Court of First Instance and Kuwait Port Authority ("KPA") executed the judgment of the Court of Appeal and withdraw the land.

The cases are related to an ongoing legal dispute and are still awaiting judgment as the cases are currently under deliberation before the Court of Cassation. The outcome of these legal disputes will determine the existence, completeness, accuracy, and the associate's right to the Mina Abdulla and Shuwaikh industrial lands and whether any adjustments to the related carrying values is necessary.

Also, the associate has leasehold improvements in the amount of KD 2,498,064 as at December 31, 2021 (2020: KD 2,815,222), attached to the Mina Abdulla industrial land's investment properties, as well as leasehold improvements in the amount of KD 692,368 as at December 31, 2021 attached to the Shuwaikh Industrial land's investment properties, and are classified as part of property, plant and equipment. The Associate has not been able to perform a physical count, nor able to perform impairment test for these assets. The associate's auditor was unable to obtain comfort on the existence, completeness, valuation, accuracy and the associate's right of leasehold improvements as at December 31, 2021. Consequently, the associate's auditor was unable to determine whether any adjustments to the related carrying values are necessary.

Furthermore, the associate has an ongoing legal dispute related to cancellation of registration and renewal of its subsidiary, KGL Stevedoring W.L.L as being ports stevedoring contractor at Shuaiba port in 2016, the Court of First Instance issued the final judgment on this case in favor of the subsidiary. In another case, the Court of First Instance adjudicated in 2017 that the subsidiary shall continue as stevedoring contractor at Shuwaikh & Shuaiba ports. Finally, the Court of Cassation issued its judgment to discontinue the judgment issued by the Court of Appeal, which was the cancellation of the judgment issued by the Court of First Instance. The Challenge of the major case to continue as stevedoring contractor at Shuwaikh & Shuaiba ports is currently pending before the Court of Cassation. The associate has intangible assets amounting to KD 7,975,550 as at December 31, 2021 (2020: KD 7,975,550) held through its subsidiary "KGL Stevedoring W.L.L." and goodwill in the amount of KD 1,099,361 as at December 31, 2021 (2020: KD 1,099,361) allocated to the same subsidiary. The associate has not been able to perform impairment test for these assets. The associate's auditor was unable to obtain comfort on the existence, completeness, valuation, accuracy and the associate's right of those assets as at December 31, 2021. Consequently, the associate's auditor was unable to determine whether any adjustments to the related carrying values are necessary.

Furthermore, the associate's respective audit report includes emphases of a matter, which describe the legal dispute relating to the litigations with Kuwait Ports Authority (KPA).Also, the associate could not obtain a valuation for certain investment properties amounting to KD 37,500,000 (2020: KD 37,668,000) from an approved Kuwaiti bank as per the requirements of the Capital Markets Authority.

As a result of the above matters, we were unable to obtain sufficient appropriate audit evidence about the carrying value of the investment in associate as at December 31, 2021 and its share of results for the year then ended. Consequently, we were unable to determine whether any adjustment to the related carrying value was necessary.

Independent Auditors’ Report (Continued)

Report on the Audit of Consolidated Financial Statements (Continued)

Basis for Qualified Opinion (continued)

2. Furthermore, the Group has used part of the Mina Abdulla industrial land mentioned above, from the associate in stevedoring and storage operations. The following matter relate to the Group’s assets in Mina Abdulla industrial land;

As disclosed in Note 11 to the consolidated financial statements, the Group has inventories held through three of its subsidiaries (KGL Transportation Company K.S.C. (Closed), KGL Technical Services Company W.L.L. and United Metal Cutting and Trading Company K.S.C. (Closed)) (the “subsidiaries”) for the amount of KD 3,771,055 as at December 31, 2021 (2020: KD 3,931,377), located on the ground lease in Mina Abdulla industrial land. The subsidiaries have not been able to perform a physical count due to the restricted access to Mina Abdulla industrial land.

As a result of the above, we were unable to obtain sufficient appropriate audit evidence about the existence and valuation of the above-mentioned assets as at December 31, 2021. Consequently, we were unable to determine whether any adjustments to the related carrying values were necessary.

3. As disclosed in Note 14 to the consolidated financial statements regarding financial assets at fair value through profit or loss (“FVTPL”), the Group did not perform fair value valuation as of December 31, 2021 for those financial assets. We were unable to obtain sufficient appropriate audit evidence regarding the accuracy and valuation of the financial asset. Consequently, we were unable to determine whether any adjustments to the related carrying values were necessary.

4. As disclosed in Note 7 to the consolidated financial statements, the Group has an investment in KGL International for Ports, Warehousing and Transport Company K.S.C. (Closed) (“KGL PI” or the “associate”) with a shareholding of 38.92% and carrying value amounting to KD 1,577,588 as at December 31, 2021 (2020: KD 2,221,075) and the share of results amounted to loss KD 628,375 for the year ended December 31, 2021 (2020: loss KD 2,155,929). Furthermore, the Group has a balance due from KGL PI of KD 2,008,787 (2020: due from KD 2,907,141). The following matters related to the associate:

a) The associate has an investment in an ultimate associate (“Demiatta International Ports Company SAE – Egypt “DIPCO”) with a carrying value of KD 14,402,957 as at December 31, 2021 (2020: KD 14,445,573), the associate’s auditor has not obtained audited financial statements and the management did not perform an impairment test for the years ended December 31, 2021 and 2020.
b) The associate has intangible assets amount to KD 3,871,848 as at December 31, 2021 (2020: KD 3,871,848) generated from stevedoring services for Shuaiba port. The associate did not perform an impairment test for the years ended December 31, 2021 and 2020.

Furthermore, the associate’s respective audit report include an emphasis of a matter regarding the current liabilities of the associate exceeded its current assets by an amount of KD 3,904,892 (2020: 2,456,842) which raises doubt about the associate’s going concern.

As a result of the above matters, we were unable to obtain sufficient appropriate audit evidence about the carrying value of the investment in associate as at December 31, 2021 and its share of results for the year then ended. Consequently, we were unable to determine whether any adjustment to the related carrying value was necessary.

Independent Auditors' Report (Continued)

Report on the Audit of Consolidated Financial Statements (Continued)

Basis for Qualified Opinion (continued)

Except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, we conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

- Without qualifying our opinion, we draw attention to Note 2 and 21 to the consolidated financial statements.
- Without qualifying our opinion, we draw attention to Note 31 to the consolidated financial statements, which highlights the uncertainty related to the Doha port area legal case.

Key Audit Matters

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

Impairment assessment of property, plant and equipment

As set out in Note 5, the Group has a KD 46,881,066 of property, plant and equipment on the balance sheet as at December 31, 2021. Management is required to carry out an annual impairment test, which requires significant judgment and is based on a series of assumptions as described within the accounting policies and in the key sources of estimation uncertainty. Impairment loss of KD 41,480 was recorded during the year. Particular attention is given to cash flows, growth rates and discount rates' assumptions.

Our procedures in relation to impairment assessment of the property, plant and equipment included:

- We challenged management's assumptions for each of their impairment review, particularly focusing on the future cash flow projections, discount rates and long-term growth rates.
- We used internal valuation specialists to independently develop expectations for discount rates used.
- We reviewed Board-approved budgets and forecasts, as well as assessing the historical accuracy of management's forecasts.
- We compared long-term growth rates against external market data where applicable.
- We evaluated the adequacy of the disclosures to the consolidated financial statements.

Independent Auditors' Report (Continued)

Report on the Audit of Consolidated Financial Statements (Continued)

Other Information

The Management is responsible for the other information. The other information comprises the board of director's report obtained before the date of this auditors' report. The other information does not include the consolidated financial statements and our auditors' report thereon, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

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

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

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

Auditors' 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 auditors' 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.

Independent Auditors' Report (Continued)

Report on the Audit of Consolidated Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

Rödl
Middle East
برقان - محاسبون عالميون
علي الحساوي وشركاه

BDO

Independent Auditors' Report (Continued)

Report on the Audit of Consolidated Financial Statements (Continued)

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all Information that is required by the Companies' Law No. 1 of 2016, its Executive Regulation, as amended and Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and regarding Securities Activities and its Executive Regulations by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies' Law No. 1 of 2016 and its Executive Regulations, as amended and Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and regarding Securities Activities and its Executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended December 31, 2021 that might have had a material effect on the business or financial position of the Parent Company.

Rashed Ayoub Yousuf Alshadad
License No. 77 - (A)
Rödl Middle East

Qais M. Al Nisf
Licence No. 83 "A"
BDO Al Nisf & Partners

March 30, 2022
State of Kuwait

Consolidated statement of financial position
As at 31 December 2021

	Notes	2021 KD	2020 KD
Assets			
Non-current assets			
Property, plant and equipment	5	**46,881,066**	56,630,378
Right of use assets	6	**17,390,035**	10,884,949
Investment in associates	7	**56,438,097**	57,756,921
Investment properties	9	**13,839,000**	13,489,000
Financial assets at fair value through other comprehensive income ("FVTOCI")	10	**81,049**	82,689
		134,629,247	138,843,937
Current assets			
Inventories	11	**23,270,232**	28,629,870
Due from related parties	12	**2,633,098**	4,299,240
Trade and other receivables	13	**21,565,738**	23,652,447
Financial assets at fair value through profit or loss ("FVTPL")	14	**8,697,950**	9,047,950
Bank and cash balances	15	**3,835,322**	5,489,474
		60,002,340	71,118,981
Total assets		**194,631,587**	209,962,918
Equity and liabilities			
Equity			
Share capital	16	**27,748,666**	27,748,666
Share premium	17	**25,954,132**	25,954,132
Statutory reserve	18	**2,103,079**	2,103,079
Voluntary reserve	19	**2,103,079**	2,103,079
Treasury shares	20	**(186,933)**	(181,083)
Treasury shares reserve		**53,166**	53,166
Foreign currency translation reserve		**269,650**	338,254
Fair value reserve of financial assets at FVTOCI	10	**(867,731)**	(866,091)
Accumulated losses		**(19,229,586)**	(12,620,954)
Equity attributable to owners of the Parent Company		**37,947,522**	44,632,248
Non-controlling interests		**698,605**	895,468
Total equity		**38,646,127**	45,527,716
Liabilities			
Non-current liabilities			
Provision for staff indemnity		**4,209,570**	4,276,763
Lease liabilities	6	**13,446,154**	9,454,272
Term loans	21	**47,789,553**	59,548,224
Trade payables	22	**527,851**	527,851
		65,973,128	73,807,110
Current liabilities			
Lease liabilities	6	**4,589,097**	1,932,304
Term loans	21	**48,813,777**	49,820,932
Due to related parties	12	**16,727,172**	15,402,561
Trade and other payables	22	**18,956,868**	22,532,280
Bank overdrafts	15	**925,418**	940,015
		90,012,332	90,628,092
Total liabilities		**155,985,460**	164,435,202
Total equity and liabilities		**194,631,587**	209,962,918

Maher Abdullah Marafie
Chairman

Fadhel Al-Baghli
Vice Chairman

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

Consolidated statement of profit or loss
For the year ended 31 December 2021

	Notes	2021 KD	2020 KD
Revenues	23	**93,368,422**	104,097,380
Cost of revenues		**(86,416,792)**	(95,064,799)
Gross profit		**6,951,630**	9,032,581
Other income		**369,522**	651,752
Impairment of property, plant and equipment	5	**(41,480)**	(1,705,232)
Loss on sale of property, plant and equipment		**(878,784)**	(458,156)
Share of results of associates	7	**(635,038)**	(4,365,886)
Loss on sale share of associate	7	**(431,917)**	(251,536)
Change in fair value of investment properties	9	**350,000**	346,000
Change in fair value of financial assets at FVTPL	14	**(350,000)**	(6,730,604)
Provision for slow moving inventories	11	**(388,313)**	(183,728)
Provision for expected credit losses	13&12	**(166,452)**	(328,343)
General and administrative expenses	24	**(7,100,236)**	(8,694,218)
Finance costs		**(4,291,284)**	(5,691,744)
Net loss before deductions		**(6,612,352)**	(18,379,114)
Kuwait Foundation for Advancement of Sciences	25	**(12,696)**	(7,516)
Zakat	25	**(11,984)**	(6,338)
Net loss for the year		**(6,637,032)**	(18,392,968)
Attributable to:			
Owners of the Parent Company		**(6,608,632)**	(18,399,737)
Non-controlling interests		**(28,400)**	6,769
	26	**(6,637,032)**	(18,392,968)
Loss per share attributable to owners of the Parent Company (Basic and diluted) (fils)	26	**(23.99)**	(66.79)

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

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	2021	2020
	KD	KD
Net loss for the year	**(6,637,032)**	(18,392,968)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets at FVTOCI	**(1,640)**	(10,847)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange difference on translation of foreign Operations	**(237,067)**	(54,596)
Other comprehensive loss for the year	**(238,707)**	(65,443)
Total comprehensive loss for the year	**(6,875,739)**	(18,458,411)
Attributable to:		
Owners of the Parent Company	**(6,678,876)**	(18,398,498)
Non-controlling interests	**(196,863)**	(59,913)
	(6,875,739)	(18,458,411)

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

Consolidated statement of changes in equity
For the year ended 31 December 2021

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Foreign currency translation reserve	Fair value reserve of financial assets at FVOCI	Retained earnings/ (accumulated losses)	Equity attributable to equity holders of the Parent Company	Non-controlling interests	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD		KD	KD
Balance at January 1, 2020	27,748,666	25,954,132	2,103,079	2,103,079	(181,083)	53,166	326,168	(1,650,802)	6,574,341	63,030,746	955,381	63,986,127
(loss)/Profit for the year	–	–	–	–	–	–	–	–	(18,399,737)	(18,399,737)	6,769	(18,392,968)
Other comprehensive income/ (loss) for the year	–	–	–	–	–	–	12,086	(10,847)	–	1,239	(66,682)	(65,443)
Total comprehensive income/ (loss) for the year	–	–	–	–	–	–	12,086	(10,847)	(18,399,737)	(18,398,498)	(59,913)	(18,458,411)
Effect on derecognising financial assets at FVTOCI	–	–	–	–	–	–	–	795,558	(795,558)	–	–	–
Balance at December 31, 2020	27,748,666	25,954,132	2,103,079	2,103,079	(181,083)	53,166	338,254	(866,091)	(12,620,954)	44,632,248	895,468	45,527,716
Balance at January 1, 2021	27,748,666	25,954,132	2,103,079	2,103,079	(181,083)	53,166	338,254	(866,091)	(12,620,954)	44,632,248	895,468	45,527,716
loss for the year	–	–	–	–	–	–	–	–	(6,608,632)	(6,608,632)	(28,400)	(6,637,032)
Other comprehensive loss for the year	–	–	–	–	–	–	(68,604)	(1,640)	–	(70,244)	(168,463)	(238,707)
Total comprehensive income loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(68,604)**	**(1,640)**	**(6,608,632)**	**(6,678,876)**	**(196,863)**	**(6,875,739)**
Purchase of treasury shares	–	–	–	–	(5,850)	–	–	–	–	(5,850)	–	(5,850)
Balance at December 31, 2021	**27,748,666**	**25,954,132**	**2,103,079**	**2,103,079**	**(186,933)**	**53,166**	**269,650**	**(867,731)**	**(19,229,586)**	**37,947,522**	**698,605**	**38,646,127**

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

Consolidated statement of cash flows
For the year ended 31 December 2021

	Notes	2021 KD	2020 KD
Operating activities			
Net loss for the year		**(6,637,032)**	(18,392,968)
Adjustments for:			
Depreciation	6&5	**8,223,994**	8,706,587
Impairment of property, plant and equipment	5	**41,480**	1,705,232
Loss on sale of property, plant and equipment		**878,784**	458,156
Gain on lease modification		**(18,383)**	(26,535)
Gain on rent concession		**–**	(65,648)
Gain on foreign currency translation		**(147,881)**	(416,609)
Share of results of associates	7	**635,038**	4,365,886
Loss on sale share of associate	7	**431,917**	251,536
Change in fair value of investment properties	9	**(350,000)**	(346,000)
Provision for slow moving inventories	11	**338,313**	183,728
Provision for expected credit losses	13&12	**166,452**	328,343
Change in fair value of financial assets at FVTPL	14	**350,000**	6,730,604
Provision for staff indemnity		**613,468**	585,295
Finance costs		**4,291,284**	5,691,744
Operating profit before changes in working capital items		**8,817,434**	9,759,351
Inventories		**9,164,169**	(8,114,901)
Trade and other receivables		**1,941,100**	17,248,190
Related parties-net		**(181,379)**	(3,611,502)
Trade and other payables		**(3,562,782)**	(3,029,616)
Cash from operations		**16,178,542**	12,251,522
Staff indemnity paid		**(753,701)**	(1,045,702)
Net cash from operating activities		**15,424,841**	11,205,820
Investing activities			
Purchase of property, plant and equipment		**(1,701,998)**	(3,478,061)
Proceeds from disposal of property, plant and equipment		**778,742**	629,279
Dividends received from associates	7	**101,475**	87,658
Proceeds from redemption of financial assets at FVTPL		**–**	77,325
Proceeds on sale share of associate		**262,283**	138,729
Net cash used in investing activities		**(559,498)**	(2,545,070)
Financing activities			
Lease contracts paid		**(126,855)**	(109,947)
Proceeds from term loans		**3,943,685**	10,507,512
Repayment of term loans		**(16,561,630)**	(14,978,496)
Dividends paid		**(12,630)**	(4,999)
Purchase of treasury shares		**(5,850)**	–
Finance costs paid		**(3,655,716)**	(4,896,000)
Net cash used in financing activities		**(16,418,996)**	(9,481,930)
Foreign currency translation adjustment		**(85,902)**	(19,311)
Net decrease in cash and cash equivalents		**(1,639,555)**	(840,491)
Cash and cash equivalents at beginning of the year		**4,549,459**	5,389,950
Cash and cash equivalents at end of the year	15	**2,909,904**	4,549,459

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

1. GENERAL INFORMATION

Kuwait and Gulf Link Transport Company K.P.S.C. ("the Parent Company") was incorporated in the State of Kuwait on 1 May 1982. The Parent Company is listed in Kuwait Stock Exchange.
The Group comprises the Parent Company and its subsidiaries. Details of the subsidiaries (together referred to as "the Group") are set out in note no. 8.

Principal activities as defined in the Parent Company's Articles of Association are:
- General cargo & stevedoring service at sea ports
- Container terminal operator
- General cargo transport & handling services
- Container transport & handling services
- Heavy equipment lease services
- Heavy lift transport services
- Light vehicle lease services
- International overland passenger services
- Shipping lines – agency services
- Customs clearance services
- Fuel haulage services
- Municipal services
- Cleaning services
- Garbage collection and transportation services
- Skilled and semi-skilled manpower services
- Investment through portfolio managers

The Parent Company's registered office is P.O. Box 24565 - Safat 13106 - State of Kuwait.
These consolidated financial statements of the Group for the year ended December 31, 2021 were authorized for issue in accordance with a resolution of the Parent Company's Board of Directors on March 30, 2022. The shareholders' general assembly has the power to amend these consolidated financial statements after issuance.

2. FUNDAMENTAL ACCOUNTING CONCEPT

As at December 31, 2021, the Group's current liabilities exceeded the current assets by KD 30,009,992 (December 31, 2020: KD 19,509,111). Also, the Group had a net loss for the year ended December 31, 2021 amount to: KD 6,637,032 (2020: KD 18,392,968) and the accumulated losses as of December 31, 2021 amount to KD 19,229,586 (2020:
KD 12,620,954).

The Parent Company's management was in negotiation with the bank during the year ended December 31, 2021 to reschedule the instalments amounting to KD 26,946,005.

3. ADOPTION OF NEW AND REVISED STANDARDS

3/1) New and amended IFRS Standards that are effective for the current year
The accounting policies used in the preparation of these financial statements are consistent with those used in the previous year and new and amended IFRS standards which are effective for the current year.

- **Impact of the initial application of Interest Rate Benchmark Reform**

The Phase 1 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9/IAS 39 and IFRS 7 - modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

The Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

- **Impact of the initial application of COVID-19-Related Rent Concessions beyond June 30, 2021-Amendment to IFRS 16**

Covid-19-Related Rent Concessions (Amendment to IFRS 16) provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.
The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2022 and increased lease payments that extend beyond June 30, 2022)
- There is no substantive change to other terms and conditions of the lease

There are no impacts for these amendments on the financial statements of the Company.

3/2) New and revised IFRS Standards in issue but not yet effective
The Company did not adopt, up to the approval of these financial statement, the below new and revised IFRS standards that are issued, but not yet effective. The Company intends to adopt these new and revised standards, if applicable, when they become effective.

3. ADOPTION OF NEW AND REVISED STANDARDS

3/2) New and revised IFRS Standards in issue but not yet effective (continued)

Standard	Description
IFRS 17 (including the June 2020 amendments to IFRS 17)	• Insurance Contracts
Amendments to IFRS 10 and IAS 28	• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	• Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	• Reference to the Conceptual Framework
Amendments to IAS 16	• Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	• Onerous Contracts—Cost of Fulfilling a Contract
Amendments to IAS 1 and IFRS Practice Statement 2	• Disclosure of Accounting Policies
Amendments to IAS 8	• Definition of Accounting Estimates
Amendments to IAS 12	• Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in the foreseeable future periods.

• IFRS 17 Insurance Contracts

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

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

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

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.
For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

3. ADOPTION OF NEW AND REVISED STANDARDS

3/2) New and revised IFRS Standards in issue but not yet effective (continued)

• Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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

• Amendments to IAS 1 Presentation of Financial Statements-Classification of Liabilities as Current or Noncurrent

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

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

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

• Amendments to IFRS 3 Business Combinations-Reference to the Conceptual Framework

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

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

3. ADOPTION OF NEW AND REVISED STANDARDS

3/2) New and revised IFRS Standards in issue but not yet effective (continued)

• Amendments to IAS 16 Property, Plant and Equipment-Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.
The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.
The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

• Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets-Onerous Contracts-Cost of Fulfilling a Contract

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

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

• Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements-Disclosure of Accounting Policies

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

3. ADOPTION OF NEW AND REVISED STANDARDS

3/2) New and revised IFRS Standards in issue but not yet effective (continued)
The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

• Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

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

• Amendments to IAS 12 Income Taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

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

4. SIGNIFICANT ACCOUNTING POLICIES

4/1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of Companies Laws in Kuwait.

4/2) Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for certain assets which are stated at fair value as explained in detail in the following accounting policies and disclosures.

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the Parent Company's functional and presentation currency.

The accounting policies adopted by the Group in the preparation of these consolidated financial statements are consistent with those used in the previous year except for changes resulting from amendments to IFRS as mentioned in note 3.

4/3) Basis of consolidation

The consolidated financial statements comprise the Parent Company and its subsidiaries drawn up to December 31, 2021 (see Note 8). All subsidiaries have a reporting date at 31st of December.

Subsidiaries are those enterprises controlled by the Parent Company. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The Parent Company controls an investee if all of three of the following elements are present:
- Power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee; and
- Ability of the investor to use its power to affect the investee returns.

When the Parent Company does not have majority voting rights in the investee, the Parent Company takes into consideration facts and other factors in assessing the control, which include:
- Contractual arrangement between the Parent Company and other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent Company's voting rights;
- Other potential voting rights.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/3) Basis of consolidation (continued)

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of amount of those interests at the date of original business combination and the non-controlling entity's share of changes in equity since the date of the combination. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is 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 (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs).

4/4) Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred or assumed by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/4) Business combinations and goodwill (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognize amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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

4/5) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy (see borrowing costs policy).

Depreciation is calculated based on the estimated useful lives of the applicable assets using the straight-line method, except for heavy vehicles which uses the double declining method, commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on prospective basis.

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacements of assets are capitalised.

Work in progress for purposes of production works or administrative usage are stated at cost less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalized on assets that meet the conditions of capitalizing the borrowing costs in accordance with the Group's accounting policy. These properties are classified within the appropriate categories of items of property, plant and equipment when finished and being considered ready for use. Depreciation of such assets commences when they are ready for use for their intended purpose in the same way as other items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in consolidated statement of profit or loss in the period in which they occur.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/6) Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and tested for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortised but tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.

If the carrying value of the intangible asset is more than the recoverable amount, the intangible asset is considered impaired and is written down to its recoverable amount. The excess of carrying value over recoverable amount is recognised in the consolidated statement of profit or loss.

4/7) Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

4/8) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in associate is accounted for under the equity method of accounting, i.e. on the financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in value and the consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/8) Investments in associates (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.
Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's equity. The Group's share of those changes is recognised directly in equity; fair value reserve or foreign currency translation reserve as appropriate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.
Unrealised gains on transactions with associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The associate's financial statements are prepared either to the Parent Company's reporting date or to a date not earlier than three months of the Parent Company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the Parent Company's reporting date.

4/9) Investment properties

Investment properties comprise owned properties that are held to earn rentals or for capital appreciation or both. Properties held as a right to use are classified as investment properties when they are held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent, registered real estate valuers with relevant experience in the market in which the property is situated. The valuation reflects market conditions at the reporting date. Changes in the fair values of investment properties are included in the consolidated statement of profit or loss. Please refer to policies for "Leases" below for the accounting policy for right of use asset investment properties.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/9) Investment properties (continued)

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

4/10) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

4/11) Financial instruments

The Group classifies its financial instruments as financial assets and financial liabilities. Financial assets and financial liabilities are recognized when the Group becomes a party of the contractual provisions of such instruments.
Financial assets and financial liabilities carried on the consolidated statement of financial position include financial assets at fair value through other comprehensive income (“FVTOCI”), due from related parties, trade and other receivables (excluding prepayments and advances to suppliers), financial assets at fair value through profit or loss (“FVTPL”), bank balances and cash, lease liabilities (accounting policies related to lease liabilities have been disclosed in leases accounting policy Note 4/19), term loans, due to related parties, trade and other payables and bank overdraft.

Financial assets

Recognition, initial measurement and derecognition

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity’s business model for managing the assets and the instruments’ contractual cash flow characteristics.
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘Sell’ business model and measured at FVPL. The Group’s business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/11) Financial instruments (continued)
Purchases and sales of those financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

A financial asset is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Classification of financial assets
Financial assets are classified in the consolidated financial statements into the following categories upon initial recognition:
- Financial assets at amortised cost; and
- Equity instruments at fair value through profit or loss.
- Equity instruments at fair value through other comprehensive income.

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets carried at amortised cost consist of due from related parties, trade and other receivables (excluding prepayments and advances to suppliers) and bank balances and cash.

Effective interest rate method ("EIR")
The EIR method is a method of calculating the amortised cost of a financial asset. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Trade receivables
Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business and recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/11) Financial instruments (continued)
Classification of financial assets (continued)
Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, at banks and portfolio accounts and are subject to an insignificant risk of changes in value.

Financial assets at FVTPL
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. This category includes unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

Equity instruments at fair value through other comprehensive income (FVTOCI)
Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVTOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to the consolidated statement of profit or loss. Dividends are recognized in the consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the consolidated statement of changes in equity.

The financial assets at FVOTCI represent unquoted equity investments.

Impairment of financial assets
The Group recognizes a provision for expected credit losses (ECLs) for financial assets measured at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/11) Financial instruments (continued)
Impairment of financial assets (continued)
For trade and other receivables (excluding prepayments and advances to suppliers), the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

For bank balances and cash for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, the Group's policy is to measure ECLs on such instruments on a 12-month basis.

For due from related parties, the Group has applied a forward looking approach wherein recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, the Group applies a three stage assessment to measuring ECL as follows:
- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk; and
- Stage 2 (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.
- Stage 3 (credit impaired) - financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

•12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stage 2.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/11) Financial instruments (continued)

Impairment of financial assets (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to the consolidated statement of profit or loss.

Financial liabilities

All financial liabilities within IFRS 9 are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility 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 facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates

Accounts payable

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable 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 presented as non-current liabilities.

Derecognition of financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/12) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4/13) Inventories

Inventories comprise of used vehicles, spare parts and food items and materials and are valued at lower of cost and net realisable value. Used vehicles and spare parts are valued at the lower of cost, determined on the average cost basis, and net realisable value. Provision is taken for old and obsolete items. Purchase cost includes the purchase price, transportation, handling and other direct costs.

The cost of food products and materials includes direct materials and other costs incurred in bringing inventories to their present location and condition. Net realizable value is based on the selling price less the estimated cost till completion and sale of inventory.

4/14) Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.
Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings include all current and prior period retained profits.
Dividends are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders.

4/15) Treasury shares

Treasury shares consist of the Group's own shares that have been issued, subsequently reacquired by the Group and not yet reissued, sold or cancelled. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the treasury shares. Consideration paid or received is directly recognized in equity. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings and then to reserves.

Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

4/16) Provision for staff indemnity

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the consolidated financial position date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/17) Provisions
A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4/18) Contingencies
Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

4/19) Leases
When the Group is a lessor
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All other leases are classified as finance leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

When the Group is a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right of use assets that meet the definition of investment properties are recorded as investment properties in the consolidated statement of financial position.

Right of use assets that meet the definition of investment properties are subsequently measured at fair value. Please refer to policies for “investment properties” above for the accounting policy for right of use investment properties at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/19) Leases (continued)
When the Group is a lessee (continued)

b) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

c) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term in the consolidated statement of profit or loss.

4/20) Revenue recognition
Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:
- Identifying the contract with a customer.
- Identifying the performance obligations.
- Determining the transaction price.
- Allocating the transaction price to the performance obligations.
- Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.
Revenue is recognised at a point in time, when the Group satisfies performance obligations by transferring the control of promised goods or services to its customers.
Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/20) Revenue recognition (continued)
whether control of an asset has been transferred:
- The Group has a present right to payment for the goods or services.
- The customer has legal title to the goods or services.
- The Group has transferred physical possession of the goods or services.
- The customer has the significant risks and rewards of ownership of the goods or services.
- The customer has accepted the goods or services.

Revenue is recognised over a period of time, when the Group satisfies performance obligations by transferring a series of distinct service promised services to its customers.
The Group transfers control of a service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Revenue for the Group arises from:

Transportation revenue:
Performance obligations related to the Group's transportation revenue are satisfied at a point in time typically on completion of movement of passengers and heavy transportation between two or more specified points.

Food supply:
Performance obligations related to the Group's food supply are satisfied at a point in time typically on delivery of food products and issuing of the invoice to customers.

Sale of used vehicles:
Performance obligations related to the Group's sale of used vehicles are satisfied at a point in time typically on delivery of the vehicles, legal transfer of title and issuing of the invoice to customers.

Leasing revenue:
Revenue from property, plant and equipment and investment properties leasing is recognized on a straight line basis over the contract duration.

Maintenance and other services revenue:
Performance obligations related to the Group's revenue from maintenance and other services are satisfied over a period of time typically providing a series of non-distinct services that are substantially the same and have the same pattern of transfer.

Other income:
Other income is mainly represented by scrap sales and miscellaneous activities and is recognized upon delivery of the goods and rendering of services.

Contract liabilities
The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/21) Foreign currency translation

The consolidated financial statements are presented in currency ("KD"), which is also the functional currency of the Parent Company.

Transactions and balances

Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Group companies

The assets and liabilities of the Group's foreign operations are expressed in KD using exchange rates prevailing at the reporting date. Income and expense items are translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate.

4/22) Finance costs

Finance costs primarily comprise interest on the Group's financing. Finance costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

4/23) Taxation

Contribution to Kuwait Foundation for the Advancement of Sciences

The Group is legally required to contribute to the Kuwait Foundation for the Advancement of Sciences ("KFAS"). The Group's contributions to KFAS are recognised as an expense in the period during which the Group's contribution is legally required. KFAS is imposed at 1% of net profit attributable to the equity holders of the Parent Company, less permitted deductions.

National Labour Support tax

The Group calculates National Labour Support Tax ("NLST") in accordance with the Ministry of Finance resolution No.19 of 2000. NLST is imposed at 2.5% of net profit attributable to the equity holders of the Parent Company, less permitted deductions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/23) Taxation (continued)

Zakat
The Group has provided for Zakat in accordance with the requirements of Law No. 46 of 2006. Zakat is imposed at 1% of net profit attributable to the equity holders of the Parent Company, less permitted deductions.

4/24) Segment information

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

4/25) Significant accounting judgements and estimation uncertainty

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

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

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

Useful lives of non-financial assets
As stated in the significant accounting policies in Note 3, the Group reviews the estimated useful life by which it depreciates its tangible assets and amortizes its intangible assets. The Group's management is convinced that the estimates of useful life for these assets are appropriate.

Classification of properties
Upon acquisition of a property, the management classifies the properties into either property, plant and equipment or investment properties, based on the intention of the management for the use of the property.

The property is classified as investment properties when the intention to earn rentals from property or hold the property for capital appreciation or if the intention is not determined by Group.

The Group classifies properties as property, plant and equipment if they are purchased to be used in production, services, renting for others or for administrative purposes, and are expected to be used during more than one period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/25) Significant accounting judgements and estimation uncertainty (continued)

Significant management judgements (continued)
Classification of financial instruments
On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in (Note 4/11).

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. The Group included the renewal period as part of the lease term for leases of vehicles, equipment and office space with shorter non-cancellable period (i.e., one to three years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if the leased asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Vehicles and property lease classification – Group as lessor
The Group has entered into commercial leases on its vehicles, buildings and investment properties portfolio (commercial properties). The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the vehicles and commercial properties and the present value of the minimum lease payments not amounting to substantially all of the fair value of the vehicles and commercial properties, that it retains substantially all the risks and rewards incidental to ownership of these vehicles and commercial properties and accounts for the contracts as operating leases.

Principal versus agent considerations
The Group enters into contracts to sell goods and render services to its customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group determined that it is a principal in all its contracts with its customers.
- The Group controls the promised goods or services before the Group transfers the goods or services to the customer.
- The Group satisfies the performance obligations by itself and does not engage another party in satisfying its performance obligations in its contracts with customers.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/25) Significant accounting judgements and estimation uncertainty (continued)

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets
The Group's management estimates whether there is an indication to impairment of non-financial assets. The recoverable amount of an asset is determined based on "value in use method". In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Impairment of investment in associates
After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in "share of results of associates" in the consolidated statement of profit or loss.

Fair value measurement and valuation techniques
Some of the Group's assets are measured at fair value for financial reporting purposes. The Group's management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset, the management uses market observable data to the extent it is available. In case no market observable data are available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about valuation techniques and input used in determining the fair value of various assets are disclosed in Note 28.

Impairment of inventories
Inventories are held at cost or net realisable value whichever is lower. When inventories become old or obsolete, an estimate is made of the required impairment. 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.

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates.
The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product, trade deficit and inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the transportation and logistics sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/25) Significant accounting judgements and estimation uncertainty (continued)

Estimation uncertainty (continued)
The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 28(d).

Estimating the incremental borrowing rate for leases
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Vehicles	Machinery	Furniture, computers and cleaning equipment	Capital work in progress	Total
Cost	KD	KD	KD	KD	KD	KD
At January 1, 2020	8,868,320	119,534,327	4,429,536	6,454,264	114,912	139,401,359
Additions	11,051	2,856,434	694,644	685,176	–	4,247,305
Disposals	–	(3,010,411)	(2,427)	(50,642)	–	(3,063,480)
Transfers to inventories	–	(26,411)	–	–	–	(26,411)
Foreign currency translation differences	(1,339)	(19,020)	(54,162)	(4,472)	–	(78,993)
At December 31, 2020	8,878,032	119,334,919	5,067,591	7,084,326	114,912	140,479,780
Additions	–	1,138,452	367,582	195,964	–	1,701,998
Disposals	–	(5,843,468)	(152,738)	–	–	(5,996,206)
Transfers to inventories	–	(10,833,989)	(131,075)	–	–	(10,965,064)
Foreign currency translation differences	–	(20,669)	(209,893)	(8,522)	–	(239,084)
At December 2021	**8,878,032**	**103,775,245**	**4,941,467**	**7,271,768**	**114,912**	**124,981,424**
Accumulated depreciation						
At January 1, 2020	4,786,551	64,398,865	2,649,646	5,507,434	114,912	77,457,408
Charge for the year	717,616	4,870,395	655,276	447,130	–	6,690,417
Impairment loss	1,705,232	–	–	–	–	1,705,232
Related to disposals	–	(1,949,527)	(6,574)	(9,217)	–	(1,965,318)
Foreign currency translation differences	(1,050)	(13,929)	(17,894)	(5,464)	–	(38,337)
At December 31, 2020	7,208,349	67,305,804	3,280,454	5,939,883	114,912	83,849,402
Charge for the year	66,756	4,362,959	665,476	500,178	–	5,595,369
Impairment loss	–	41,480	–	–	–	41,480
Transfer to inventories	–	(7,002,552)	(118,517)	–	–	(7,121,069)
Related to disposals	–	(4,142,772)	(35,756)	–	–	(4,178,528)
Foreign currency translation differences	–	(10,088)	(68,989)	(7,219)	–	(86,296)
At December 31, 2021	**7,275,105**	**60,554,831**	**3,722,668**	**6,432,842**	**114,912**	**78,100,358**
Carrying amount						
At December 31, 2021	**1,602,927**	**43,220,414**	**1,218,799**	**838,926**	**–**	**46,881,066**
At December 31, 2020	1,669,683	52,029,115	1,787,137	1,144,443	–	56,630,378
Annual depreciation rates	5-25%	5-25%	10-33%	10-33%		

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group has buildings and leasehold improvements amounting to KD 1,602,926 as at December 31, 2021 (2020: KD 1,669,683) constructed on land plots leased from Government of Kuwait.
During the year, the Group performed an internal impairment test on its assets, through performing a review of its recoverable amount, which resulted in recognizing an impairment loss of KD 41,480 in the consolidated statement of profit or loss (2020: KD 1,705,232).
Heavy and light vehicles with carrying amount of KD 20,390,214 (2020: KD 22,848,400) are mortgaged against term loans (Note 21) and bank overdraft (Note 15) granted to the Group.

The depreciation charge has been allocated as follows:

	2021	2020
	KD	KD
Cost of sales	**5,526,542**	6,469,868
General and administrative expenses (Note 24)	**68,827**	220,549
	5,595,369	6,690,417

6. LEASE CONTRACTS

Right to use the asset was included in the property and equipment and the lease liabilities and related movement during the year as follows:

	Right-of-use assets	Lease liabilities
	KD	KD
As of January 1, 2021	**10,884,949**	11,386,576
Additions	**9,437,556**	9,437,556
Depreciation expenses	**(2,628,625)**	–
Finance costs	–	674,606
Paid during the year	–	(3,141,222)
Leases modification	**(301,646)**	(320,029)
Foreign currency translation differences	**(2,199)**	(2,236)
As of December 31, 2021	**17,390,035**	18,035,251

	Right-of-use assets	Lease liabilities
	KD	KD
As of January 1, 2020	**13,420,991**	13,740,912
Additions	**330,013**	330,013
Depreciation expenses	**(2,016,170)**	–
Finance costs	–	676,540
Paid during the year	–	(2,418,855)
Rent concession	–	(65,648)
Leases modification	**(851,310)**	(877,845)
Foreign currency translation differences	**1,425**	1,459
As of December 31, 2020	**10,884,949**	11,386,576

The Group recognised rent expense from short-term leases of KD 4,666,610 for the year ended December 31, 2021 (2020: KD 8,092,556).

6. LEASE CONTRACTS (CONTINUED)

During the year, some of the Group components have remeasured the lease liabilities by decreasing the carrying amount of the right-of-use asset together with lease liabilities to reflect the modifications on certain leases.

Depreciation charges are included in the consolidated statement of profit or loss under the following categories:

	2021	2020
	KD	KD
Cost of revenues	**2,610,768**	1,993,386
General and administrative expenses (Note 24)	**17,857**	22,784
	2,628,625	2,016,170

A lease liability is classified as follows:

	2021	2020
	KD	KD
Non–current portion	**13,446,154**	9,454,272
Current portion	**4,589,097**	1,932,304
	18,035,251	11,386,576

7. INVESTMENT IN ASSOCIATES

Name of associate	Country of incorporation	Ownership interest		Carrying value	
		2021	2020	**2021**	2020
		%	%	**KD**	KD
KGL Logistics K.P.S.C.	Kuwait	**47.24**	47.24	**41,696,077**	41,318,908
National Cleaning Company K.P.S.C.	Kuwait	**32.92**	34.78	**10,311,526**	11,645,062
KGL International for Ports, Warehousing and Transport Company K.S.C. (Closed)	Kuwait	**38.92**	38.92	**1,577,588**	2,221,075
Axis Solutions for Computer Systems K.S.C. (Closed)	Kuwait	**44**	44	**2,071,097**	1,826,397
Amin International for Valuables Transportation and Facilities Security W.L.L.	Kuwait	**34**	34	**486,328**	480,813
Kuwait United Development Company K.S.C. (Closed)	Kuwait	**43.64**	43.64	**295,481**	264,666
				56,438,097	57,756,921

Associates are accounted by using the equity method.

During the year, the Parent Company sold 1.86% (2020: 1.07%) of its stake in the associate "National Cleaning Company K.P.S.C." resulting in a loss on sale amounting to KD 431,917 (2020: loss amounting to KD 251,536) which was recognized in the consolidated statement of profit or loss.

7. INVESTMENT IN ASSOCIATES

Summary of principal activities of the associates:

Name of associate	Principal activities
KGL Logistics K.P.S.C.	Warehouses management
National Cleaning Company K.P.S.C.	Environmental protection
KGL International for Ports, Warehousing and Transport Company K.S.C. (Closed)	Management of marine and river ports
Axis Solutions for Computer Systems K.S.C. (Closed)	IT related activities
Amin International for Valuables Transportation and Facilities Security W.L.L.	Security system installation, maintenance and management
Kuwait United Development Company K.S.C. (Closed)	Construction project management

As at December 31, 2021, the fair value of Group's interest in KGL Logistics K.P.S.C., which is listed on the Kuwait Stock Exchange was KD 11,595,452 (2020: KD 10,282,759). The management believes that there are no indications for the existence of impairment in carrying value for the associate.
As at December 31, 2021, the fair value of Group's interest in National Cleaning Company K.P.S.C., which is listed on the Kuwait Stock Exchange was KD 4,677,487 (2020: KD 4,792,382). The management believes that there are no indications for the existence of impairment in carrying value for the associate.

The Group's investment in associates with carrying value of KD 40,267,920 (2020: KD 39,903,670) are mortgaged against term loans (Note 21).
The carrying value of KGL International for Ports, Warehousing and Transport Company K.S.C. (Closed) and KGL Logistics Company K.P.S.C. includes goodwill amount to KD 4,002,725 (2020: KD 4,002,725).

The following table summarises the information relating to the Group's significant associates

a) KGL Logistics Company K.P.S.C.

Associate's financial position:

	2021 KD	2020 KD
Total assets	**157,163,655**	160,244,076
Total liabilities	**61,498,629**	64,990,703
Net assets	**95,665,026**	95,253,373
Group's share of net assets of associate	**45,194,071**	44,999,598
Goodwill	**2,694,366**	2,694,366
Elimination of inter-company transactions	**(6,192,360)**	(6,375,056)
Total investment balance of associate	**41,696,077**	41,318,908

Associate's revenues and results:

	2021 KD	2020 KD
Revenues	**18,685,420**	21,667,154
Net profit/(loss)	**649,160**	(4,045,895)
Group's share of results of associate	**306,676**	(1,911,362)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

KGL Logistics K.P.S.C. has an ultimate subsidiary (KGL Stevedoring W.L.L.) which had filed a case against KPA relating to cancellation of registration and renewal as being ports stevedoring contractor at Shuaiba port. In 2016, the Court of First Instance issued the final judgment on this case in favor of the ultimate subsidiary. In another case, the Court of First Instance adjudicated in 2017 that the ultimate subsidiary shall continue as stevedoring contractor at Shuwaikh & Shuaiba ports. Finally, the Court of Cassation issued its judgment to discontinue the judgment issued by the Court of Appeal, which was cancellation of the judgment issued by the Court of First Instance. The Challenge of the major case to continue as stevedoring contractor at Shuwaikh & Shuaiba ports is currently pending before the Court of Cassation.
Furthermore, the Court of First Instance has issued another judgment in the lawsuit filed by the ultimate subsidiary, which is currently deliberated before the Court of Cassation, obliging the KPA to pay KD 24.5 million as compensation to the ultimate subsidiary. On June 21, 2020, the Court of Appeal adjudicated that the Court of First Instance's judgment is cancelled. The verdict is being appealed in the Court of Cassation by the ultimate subsidiary. The other cases relating to 2017 are still under deliberation before the Court of First Instance.

In another case, there is a legal claim filed by the ultimate subsidiary, ("KGL Stevedoring W.L.L."), where the associate has investment properties amounting to KD 37,500,000 as at December 31, 2021 (2020: KD 37,668,000). This appropriation right was granted to the ultimate subsidiary in its capacity as a stevedoring contractor for unspecified period in Mina Abdulla industrial area. The legal claim is currently deliberated before the Court of Cassation. The Court of Appeal issued on June 16, 2019 a judgment in favor of the KPA to evacuate the land. On September 25, 2019 KPA implemented the judgment issued by the Court of Appeal and evacuated a part of the land in violation of the legal procedures. The associate measured these investment properties at fair value as at December 31, 2021.

Furthermore, the ultimate subsidiary filed lawsuits that invalidate the immediate evacuation implementation procedures and another lawsuit to discontinue such procedures. The case is still under deliberation before the Court of Urgent Matters. On November 10, 2019, the Court of First Instance annulled the implementation procedures undertaken by the KPA regarding Mina Abdulla industrial land area. On February 11, 2020, the Court of Appeal upheld the judgment issued by the Court of First Instance upholding annulment of all implementation procedures, the KPA and the Company appealed against it before the Court of Cassation, and it has not yet been decided upon.

Accordingly, based on the external lawyer counsel's opinion and the level of Court judgment (Court of Appeal), the associate could not ascertain the impact on the investment properties concerning the Mina Abdulla industrial land area, as there is uncertainty regarding the possible financial impact of this case as at December 31, 2021. Should the de-recognition of Mina Abdullah land from the associate's accounting records occur, it will lead to an impairment of the associate's assets and equity amounting to KD 39,998,064 of the investment properties and leasehold improvements as well as to the potential impairment impact of the intangible assets and goodwill related to KGL Stevedoring W.L.L.

Investment properties include an amount of KD 3,237,000 (2020: KD 3,128,000) assets held in virtue of an appropriation right granted to the associate in Shuwaikh Industrial area. However, this appropriation right is subject to a legal dispute with KPA, which is currently being deliberated before the Court of Cassation, on which the judgment for eviction has been rendered by the Court of First Instance on December 24, 2020 and the Court of Appeal upheld the judgment of Court of First Instance on May 18, 2021 and the associate has vacated the area.

7. INVESTMENT IN ASSOCIATES (CONTINUED)

b) National Cleaning Company K.P.S.C.

Associate's financial position:

	2021 KD	2020 KD
Total assets	**105,765,561**	105,369,607
Total liabilities	**74,438,144**	71,903,008
Net assets	**31,327,417**	33,466,599
Group's share of net assets of associate	**10,311,526**	11,645,062

Associate's revenues and results:

	2021 KD	2020 KD
Revenues	**34,767,833**	36,127,771
Net (loss)/profit	**(2,137,247)**	(2,390,206)
Group's share of results of associate	**(703,482)**	(828,419)

c) KGL International for Ports, Warehousing and Transport Company K.S.C. (Closed)

Associate's financial position:

	2021 KD	2020 KD
Total assets	**27,038,070**	27,690,872
Total liabilities	**22,922,549**	21,921,994
Net assets	**4,115,521**	5,768,878
Group's share of net assets of associate	**1,601,491**	2,244,978
Goodwill	**1,308,359**	1,308,359
Elimination of inter-company transactions	**(1,332,262)**	(1,332,262)
Total investment balance of associate	**1,577,588**	2,221,075

Associate's revenues and results:

	2021 KD	2020 KD
Revenues	**119,785**	432,672
Net loss	**(1,614,531)**	(5,539,387)
Group's share of results of associate	**(628,375)**	(2,155,929)

KGL International for Ports, Warehousing and Transport Company K.S.C (Closed) ("KGLPI") has several ongoing legal cases, mainly concerning investment in associate and stevedoring operations as follows:

7. INVESTMENT IN ASSOCIATES (CONTINUED)

Investment in associate:
KGLPI has an ultimate associate "Damietta International Ports Company SAE – Egypt" ("DIPCO") with a carrying value of KD 14,402,957 (2020: KD 14,445,573) and an ownership of associate's capital 25% which consist of 15% directly held investment and 10% held on behalf of the Port Fund entity that is encumbered by a loan from Port Fund. DIPCO is a special purpose vehicle created solely for the Project in Damietta operating under the special Free-Zone area. It has no other business interests and neither owns nor operates any other business units. DIPCO did not start its operations due to conflicts with Damietta Port Authority ("DPA") which resulted in terminating the project. Consequently, DIPCO filled an arbitration at the International Court of Arbitration of the International Chamber of Commerce (ICC) against DPA claiming for a compensation of USD 1.2 billion. On the other hand, DPA has claimed for a compensation of USD 498 Million and EGP 52 million plus interest. In February 2020, the International Court of Arbitration issued its judgment in favor of DIPCO, which obliges DPA to pay an amount of USD 427 million plus interest. DPA has filled an annulment application in the Cairo Court of Appeal which was rejected by the Court on December 9, 2020. On July 8, 2021, the Egyptian Court of Cassation ruled that the international arbitration ruling was invalid, and DIPCO is considering legal options for the execution of the arbitration ruling outside Egypt. The International Court of Arbitration also issued another ruling, decided in October 2020, in favour of the associate, which obliges DPA to pay an amount of USD 10 million in addition to the fees and legal interest.
Also, related to the DIPCO project, Doosan (the crane supplier for DIPCO) have received a judgment from the International Court of Arbitration against DIPCO and KGLPI for USD 76 Million. This award is currently being challenged before the competent courts.
Furthermore, KGLPI has ongoing legal case with Port Fund for the repayment of Port Fund convertible loan amount to USD 20 Million plus interest that is secured with the 10% ownership of KGLPI in DIPCO. The Court of Appeal rejected the request of Port Fund for payment.
As a result of the above arbitrations, it was not practical to keep issuing financials until settling the outcome of the said arbitrations, which resulted in inability to perform an impairment test as the operations ceased and there were no future cash flows to be projected.
Subsequent to year end, DIPCO reached a settlement agreement with DPA regarding all pending litigations and court verdicts whereby DIPCO will receive USD 40 million in exchange of discharging all its legal claims against DPA and other relevant parties. The associate is currently assessing the final outcome from the settlement agreement which will be recognized upon fulfilment by all engaged parties in year 2022, while retaining the right of the associate to legal claims in the event of non-fulfilment.

Stevedoring operations:
There are several legal disputes between Kuwait Ports Authority ("KPA") and KGLPI, which is currently deliberated before the Court of Cassation regarding the registration continuation of the Company as a stevedoring contractor at Shuaiba Port and many claims for the settlement of due balances in favour of KGLPI aggregating an amount of KD 8,598,273. For some cases KGLPI received a judgment in its favour and others are pending as no judgement yet is issued before competent courts. These legal disputes led to the inability of KGLPI to perform an impairment test on intangible assets amount to KD 3,871,848 as at December 31, 2021.

d) The following table summarises the information relating to the other associates of the Group:

Associates' financial position:

	2021 KD	2020 KD
Total assets	**14,300,544**	14,996,585
Total liabilities	**7,486,044**	8,832,082
Net assets	**6,814,500**	6,164,503
Total investment balance of associates	**2,852,906**	2,571,876

7. INVESTMENT IN ASSOCIATES (CONTINUED)

Associates' revenues and results:

	2021	2020
	KD	KD
Revenues	**6,369,806**	7,379,952
Net profit	**890,955**	1,262,630
Group's share of results of associates	**390,143**	529,824

The aggregate dividends received from associates during the year ended December 31, 2021 amount to KD 101,475 (2020: KD 87,658).

8. SUBSIDIARIES

Name of subsidiary	Country of incorporation	Ownership Interest (%)		Principle activity
		2021	2020	
Kuwait and Gulf Link Holding Company K.S.C. (Closed)	Kuwait	**99.34**	99.34	Investment activities
KGL Car Rental Company W.L.L.	Kuwait	**99**	99	Car rental
Majestic Travel and Tourism Company W.L.L.	Kuwait	**99**	99	Travel and Tourism
KGL Passenger Transport Ser-vices K.S.C. (Closed)	Kuwait	**98.9**	98.9	Passenger Transport
KGL Private Passenger Transport Services J.S.C.	UAE	**100**	100	Passenger Transport
Ras Al Khaimah Shipping Com-pany L.L.C.	UAE	**84.75**	84.75	Cargo transport
Global United for Insurance ser-vices Co K.S.C. (Closed)	Kuwait	**90**	90	Insurance services
KGL Technical Services Company W.L.L.	Kuwait	**99**	99	Garage and mainte-nance
KGL Transportation Company K.S.C.(Closed)	Kuwait	**98.5**	98.5	Transportation
KGL Transportation Company W.L.L.	Qatar	**100**	100	Transportation
Darb Al Tabana Transport L.L.C.	UAE	**100**	100	Transportation
KGL Food Services Company W.L.L.	Kuwait	**99**	99	Food supply
KGL Real Estate Company K.S.C. (Closed)	Kuwait	**99.93**	99.93	Real estate
Zoud International Real Estate Co. K.S.C. (Closed)	Kuwait	**99**	99	Real estate
KGL Real Estate Co. W.L.L.	Kuwait	**99**	99	Real estate
International Motors Company K.S.C. (Closed)	Kuwait	**80.00**	80	Sale of spare parts and vehicle maintenance
Sudan River Transport Compa-ny	Sudan	**50.6**	50.6	Cargo transport
North Star Shipping Company K.S.C. (Closed)	Kuwait	**99**	99	Passenger and Cargo transport
Gulf Aviation for Airplane Ser-vices K.S.C. (Closed)	Kuwait	**99**	99	Transportation
United Metal Cutting Company K.S.C.(Closed)	Kuwait	**98.5**	98.5	Sale of scraps
Virgola Event Management and Communication Company W.L.L.	Kuwait	**99**	99	Advertising
Sabhan Gulf Trading Company W.L.L.	Kuwait	**100**	100	General trading and property management

The Group does not have subsidiaries with material non-controlling interests as at December 31, 2021 and 2020.

9. INVESTMENT PROPERTIES

	2021 KD	2020 KD
Balance at the beginning of year	**13,489,000**	13,143,000
Change in fair value	**350,000**	346,000
	13,839,000	13,489,000

The fair value of the Group's investment properties have been determined on the basis of a valuation carried out by independent evaluators. The fair values were determined based on the market comparable approach that reflects recent transaction priced for similar properties. In estimating the fair values of the properties, the highest and best use of the properties is their current use. The management has valued all its investment properties on an individual basis at the lowest of the evaluations received from independent valuers at December 31.

Investment properties of KD 7,998,000 (2020: KD 7,820,000) are pledged against a term loan granted to the Group (Note 21).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME "FVTOCI"

	2021 KD	2020 KD
Unquoted local securities	**81,049**	82,689
	81,049	82,689

- Financial assets at fair value through other comprehensive income ("FVTOCI") with a carrying value of KD 81,049 (2020: KD 82,689) represent investments in related parties (Note 12).
- Valuation techniques of financial assets at fair value through other comprehensive income ("FVTOCI") are disclosed in Note 28 (g).

Movement in the fair value reserve for financial assets at FVTOCI during the year is as follows:

	2021 KD	2020 KD
At January 1	**(866,091)**	(1,650,802)
Change in fair value	**(1,640)**	(10,847)
Reclassification of fair value changes of financial assets at FVTOCI upon derecognition	**–**	795,558
At December 31	**(867,731)**	(866,091)

11. INVENTORIES

	2021 KD	2020 KD
Spare parts and other materials	**2,727,794**	2,998,325
Used vehicles*	**4,630,314**	3,502,213
Food supplies	**8,345,220**	15,800,675
Provision for slow moving inventories	**(744,877)**	(363,239)
	14,958,451	21,937,974
Goods in transit	**8,311,781**	6,691,896
	23,270,232	28,629,870

11. INVENTORIES (CONTINUED)

*The Group has transferred used vehicles amounting to KD 3,843,995 from property, plant and equipment (2020: transfer from property, plant and equipment amounting to KD 26,411). Furthermore, used vehicles at net book value amounting to KD 298,849 (2020: KD 324,414) have been transferred from related parties (Note 12).

The Group has inventories, held through three of its subsidiaries (KGL Transportation Company K.S.C. (Closed), KGL Technical Services Company W.L.L. and United Metal Cutting and Trading Company K.S.C. (Closed)) (the "subsidiaries") in the amount of KD 3,771,055 as at December 31, 2021 (2020: KD 3,931,377) located on the ground lease in Mina Abdulla industrial land. The subsidiaries have not been able to perform a physical count due to the restricted access to Mina Abdulla industrial land.
Movement in the provision for slow moving inventories:

	2021 KD	2020 KD
Balance at beginning of the year	**363,239**	180,661
Charge for the year	**388,313**	183,728
written off inventory	**(6,675)**	(1,150)
	744,877	363,239

12. RELATED PARTY TRANSACTIONS

Related parties consist of major shareholders, directors and executive officers of the Group, their families and companies of which they are the principal owners or over which they are able to exercise significant influence. All related party transactions approximate arm's length terms and are approved by the Group's management. Balances due from/to related parties are interest free and without maturity dates.
Related party balances and transactions included in the consolidated financial statements are as follows:

	2021 KD	2020 KD
Consolidated statement of financial position		
Financial assets at FVTOCI (Note 10)	**81,049**	82,689
Due from related parties	**2,700,455**	4,345,897
Less: allowance for expected credit losses*	**(67,357)**	(46,657)
	2,633,098	4,299,240
Due to related parties	**(16,727,172)**	(15,402,561)
Dividends payable (Note 22)	**(83,868)**	(96,498)

*During the year ended December 31, 2021, the Group recorded allowance for expected credit losses on related party receivables amounting to KD 20,700 (2020: KD 11,124) in the consolidated statement of profit or loss.

12. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

	2021 KD	2020 KD
Consolidated statement of profit or loss:		
• Rendering of services	**1,074,859**	1,521,513
• Cost of revenues	**4,836,527**	4,211,650
Key management compensation		
• Salaries and other short-term benefits	**386,134**	390,584
• Termination benefits	**19,154**	19,190
• Board of Directors' committees' remuneration*	**102,000**	61,000
	507,288	470,774

*Committees' remuneration is subject to the approval of the Annual General Assembly of the shareholders'.

	2021 KD	2020 KD
Other transactions		
Transfer of property, plant and equipment (to)/from related parties (net)	**(160,152)**	758,518
Transfer of inventories from related parties (net)	**298,849**	324,414
Transfer of employees' end of service benefits from related parties	**74,483**	50,076
Settlement of lease liabilities and finance costs through related parties' accounts	**2,975,329**	2,306,824

13. TRADE AND OTHER RECEIVABLE

	2021 KD	2020 KD
Trade receivables	**20,676,865**	22,762,610
Less: allowance for expected credit losses	**(10,413,526)**	(10,414,967)
	10,263,339	12,347,643
Advance to suppliers	**2,231,751**	1,423,974
Prepayments	**4,282,457**	4,839,953
Refundable deposits	**1,605,558**	1,492,023
Staff receivables	**647,438**	799,245
Other receivables	**2,535,195**	2,749,609
	21,565,738	23,652,447

Movement in the allowance for expected credit losses is as follows:

13. TRADE AND OTHER RECEIVABLE (CONTINUED)

	2021 KD	2020 KD
Balance at the beginning of the year	**10,414,967**	10,098,832
Provision for expected credit losses charged during the year	**145,752**	317,219
Written-off during the year	**(146,250)**	–
Foreign currency translation differences	**(943)**	(1,084)
	10,413,526	10,414,967

Disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses are set forth in Note 28 (d).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

	2021 KD	2020 KD
Unquoted foreign equity security	**8,697,950**	9,047,950
	8,697,950	9,047,950

The above unquoted equity security represent an investment stake of 19% in Gulf Stevedoring Contracting Company W.L.L, Saudi Arabia ("GSCC") in which the Group has no significant influence. The Group recognised an impairment loss on the investment amount to KD 350,000 based on conservatism and prudence basis for unexpected losses, which was charged to consolidated statement of profit or loss.

At year end, the Group could not obtain financial information necessary to determine the fair value of the investment as of December 31, 2021.

The fair value as of December 31, 2020 was determined by an independent evaluator ("FVTPL") using the fair value measurements derived from valuation techniques which include inputs for the asset that are not based on observable market date (unobservable inputs) classified in level 3 fair value hierarchy (Note 28 (g)), which resulted in recognizing loss on the investment amount to KD 6,730,604 was charged to consolidated statement of profit or loss.

15. CASH AND CASH EQUIVALENTS

	2021 KD	2020 KD
Bank balances	**2,996,653**	4,901,019
Cash on hand	**838,669**	588,455
Bank balances and cash	**3,835,322**	5,489,474
Bank overdrafts*	**(925,418)**	(940,015)
Cash and cash equivalents	**2,909,904**	4,549,459

*Bank overdraft represents facilities obtained from a local commercial bank repayable on demand. The effective interest rate is 1.75% (December 31, 2020: 1.75%) per annum over the CBK discount rate. These facilities are secured by certain property, plant and equipment (Note 5).

16. SHARE CAPITAL

The authorized, issued and fully paid-up share capital amounts to KD 27,748,666 (2020: KD 27,748,666) divided into 277,486,663 shares of fils 100 each. All shares are paid in cash.

17. SHARE PREMIUM

The share premium account is not available for distribution.

18. STATUTORY RESERVE

As required by the Companies' Law, as amended, and the Parent Company's Articles of Association, as amended, at least 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and Board of Directors' remuneration is transferred per annum to statutory reserve as per a resolution issued by the Parent Company's Ordinary General Assembly. Such transfer may be discontinued as per a resolution issued by the Parent Company's Ordinary General Assembly when the reserve exceeds 50% of the share capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. No appropriation was made to statutory reserve due to accumulated losses.

19. VOLUNTARY RESERVE

As required by the Parent Company's Articles of Association, as amended, no more than 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and Board of Directors' remuneration may be deducted per annum, as per a resolution issued by the Parent Company's Ordinary General Assembly, in order to form voluntary reserve, which is allocated for the purposes specified by the assembly. No appropriation was made to voluntary reserve due to accumulated losses.

20. TREASURY SHARES

	2021 KD	2020 KD
Number of shares	**2,085,489**	1,985,489
Percentage of issued shares	**0.75%**	0.72%
Cost (KD)	**186,933**	181,083
Market value (KD)	**142,230**	104,834

Reserves of the Parent Company equivalent to the cost of treasury shares have been earmarked as non-distributable.

21. TERM LOANS

	2021 KD	2020 KD
Non-current portion	**47,789,553**	59,548,224
Current portion	**48,813,777**	49,820,932
	96,603,330	109,369,156

21. TERM LOANS (CONTINUED)

The carrying amounts of the Group's term loans are denominated in the following currencies:

	2021	2020
	KD	KD
KD	**51,644,657**	55,475,067
USD	**42,238,437**	50,814,116
AED	**2,720,236**	3,079,973
	96,603,330	109,369,156

The Parent Company's management was in negotiation with the bank during the year ended December 31, 2021 to reschedule the instalments amounting to KD 26,946,005. Subsequent to the year end, the Parent Company reached a settlement of debt with the bank, which will result, in the opinion of the management, in a gain on settlement that may reach KD 15 million approximately.

Term loans denominated in Kuwaiti Dinars ("KD") obtained from local banks are secured floating interest rate loans and carry effective interest rate ranging from 3% to 4% (December 31, 2020: 3% to 4%) per annum. These facilities are used for the purpose of purchase of property, plant and equipment, investment properties and working capital requirements for enhanced Group operations. These term loans have maturities ranging from 2021 to 2024. These facilities are secured by certain property, plant and equipment (Note 5), certain investment in associates (Note 7), certain investment properties (Note 9) and against corporate guarantee issued by a related party. It also requires, among many other matters, a requirement to maintain certain financial ratios and certain minimum interest cover.

Term loans denominated in USD obtained from foreign banks are secured floating interest rate loans and carry effective interest rate ranging from 2% to 3% over 3-month London Interbank Offered Rate ("LIBOR") (December 31, 2020: 2.25% to 3.65% over 3-month LIBOR). These facilities are used to expand the Group's food supply and transport operations and to finance purchases of related property, plant and equipment. These term loans have maturities ranging from 2021 to 2026 and certain loans are secured by the corporate guarantees of Parent Company and other related parties. It also requires, among many other matters, a requirement to maintain certain financial ratios and certain minimum interest cover.

Term loans denominated in AED obtained from a foreign bank are secured floating interest rate loans and carry effective interest rate of 3.25% (December 31, 2020: 3.25%) per annum over Emirates Interbank Offered Rate ("EIBOR"). These facilities are used to finance purchases of property, plant and equipment and mature in 2025 and are secured by certain property, plant and equipment (Note 5) and certain daily revenue proceeds of transportation operations. It also requires, among many other matters, a requirement to maintain certain financial ratios and certain minimum interest cover.

These term loans mature as follows:

	2021	2020
	KD	KD
6 months or less	**41,956,516**	40,850,927
6 – 12 months	**6,857,258**	8,970,005
1 – 5 years	**47,789,556**	59,548,224
	96,603,330	109,369,156

At the reporting date, the carrying amount of term loans approximated the fair value.

22. TRADE AND OTHER PAYABLES

	2021	2020
	KD	KD
Trade payables	**12,451,262**	14,135,737
Accrued expenses	**3,794,467**	4,461,887
Provision for staff leave	**1,127,781**	1,130,278
Due to employees	**931,234**	2,019,983
Dividends payable (Note 12)	**83,868**	96,498
Others	**568,256**	687,897
	18,956,868	22,532,280
Non-current trade payables	**527,851**	527,851
	19,484,719	23,060,131

Liabilities classification between current and non-current is based on the estimated settlement of trade payables taking into consideration contractual agreement and understandings with payable parties.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2021	2020
	KD	KD
Kuwaiti Dinars	**11,241,007**	14,695,691
US Dollars	**6,455,249**	6,094,303
Saudi Riyals	**21,242**	859,198
UAE Dirhams	**1,749,959**	1,265,835
Other	**17,262**	145,104
	19,484,719	23,060,131

23. REVENUES

	For the year ended 31 December 2021				
	Transportation	**Food supply**	**Others**	**Car rental**	**Total revenues**
Passengers and heavy transportation	18,294,872	–	–	–	18,294,872
Foodstuff and materials supply	–	57,726,927	–	–	57,726,927
Sale of vehicles	–	–	2,596,770	–	2,596,770
Maintenance and other services	–	–	4,743,664	–	4,743,664
Total revenues from contracts with customers	**18,294,872**	**57,726,927**	**7,340,434**	**–**	**83,362,233**
Lease revenue					
Leasing of property, vehicles and equipment and investment proper-ties	776,896	–	368,040	8,861,253	10,006,189
Total revenues	**19,071,768**	**57,726,927**	**7,708,474**	**8,861,253**	**93,368,422**
Geographical markets					
Kuwait	16,090,664	24,990,748	7,340,434	–	48,421,846
UAE	2,204,208	–	–	–	2,204,208
Other Middle East countries	–	32,736,179	–	–	32,736,179
Total revenues from contracts with customers	**18,294,872**	**57,726,927**	**7,340,434**	**–**	**83,362,233**
Timing of revenue recognition					
Services transferred at a point in time	18,294,872	–	–	–	18,294,872
Services transferred over a period in time	–	–	2,596,770	–	2,596,770
Goods transferred at a point in time	–	57,726,927	4,743,664	–	62,470,591
Total revenues from contracts with customers	**18,294,872**	**57,726,927**	**7,340,434**	**–**	**83,362,233**

	For the year ended 31 December 2020				
	Transportation	**Food supply**	**Others**	**Car rental**	**Total revenues**
Passengers and heavy transportation	21,088,888	–	–	–	21,088,888
Foodstuff and materials supply	–	66,997,052	–	–	66,997,052
Sale of vehicles	–	–	1,149,644	–	1,149,644
Maintenance and other services	–	–	2,141,038	–	2,141,038
Total revenues from contracts with customers	**21,088,888**	**66,997,052**	**3,290,682**	**–**	**91,376,622**
Lease revenue					
Leasing of property, vehicles and equipment and investment proper-ties	2,305,949	-	1,046,552	9,368,257	12,720,758
Total revenues	**23,394,837**	**66,997,052**	**4,337,234**	**9,368,257**	**104,097,380**
Geographical markets					
Kuwait	19,128,000	39,563,745	3,290,682	–	61,982,427
UAE	1,960,888	–	–	–	1,960,888
Other Middle East countries	–	27,433,307	–	–	27,433,307
Total revenues from contracts with customers	**21,088,888**	**66,997,052**	**3,290,682**	**–**	**91,376,622**
Timing of revenue recognition					
Services transferred at a point in time	21,088,888	–	–	–	21,088,888
Services transferred over a period in time	–	–	2,141,038	–	2,141,038
Goods transferred at a point in time	–	66,997,052	1,149,644	–	68,146,696
Total revenues from contracts with customers	**21,088,888**	**66,997,052**	**3,290,682**	**–**	**91,376,622**

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2021 KD	2020 KD
Staff costs	**3,181,637**	3,676,251
Rent and transportation	**1,218,686**	1,164,968
Professional and consultancy fees	**1,463,561**	2,283,714
Marketing, selling and distribution expenses	**212,678**	286,558
Administrative and office expenses	**398,665**	451,777
Depreciation (Note 5 and 6)	**86,684**	243,333
Vehicle and equipment maintenance	**12,273**	12,436
Other expenses	**526,052**	575,181
	7,100,236	8,694,218

25. DEDUCTIONS

a) Kuwait Foundation for Advancement of Sciences	2021 KD	2020 KD
Subsidiaries	**12,696**	7,516
	12,696	7,516

b) Zakat	2021 KD	2020 KD
Subsidiaries	**11,984**	6,338
	11,984	6,338

26. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

	2021	2020
Loss per share is calculated as follows:		
Loss for the year attributable to owners of the Parent Company (KD)	**(6,608,632)**	(18,399,737)
Weighted average number of shares outstanding:		
Weighted average number of paid up shares excluding treasury shares	**275,442,270**	275,497,924
Loss per share attributable to owners of the Parent Company (Basic and diluted) (fils)	**(23.99)**	(66.79)

27. SEGMENT REPORTING

The Group identifies its operating segments on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to assess its performance.

Financial information about the operating segments as follows:

27. SEGMENT REPORTING (CONTINUED)

	31 December 2021				
	Transportation	**Food supply**	**Car rental**	**Others**	**Total**
Segment revenues	19,706,709	57,726,927	8,861,253	7,073,533	93,368,422
Segment cost of revenues	(19,257,681)	(54,097,038)	(5,154,324)	(7,907,749)	(86,416,792)
Segment results	449,028	3,629,889	3,706,929	(834,216)	6,951,630
Unallocated income					719,522
Unallocated expenses					(14,308,184)
Loss for the year					(6,637,032)
Segment assets and liabilities					
Segment assets	62,855,746	32,433,988	28,338,450	71,003,403	194,631,587
Segment liabilities	27,199,351	48,705,579	7,859,028	72,221,502	155,985,460
Other information					
Purchases of property, plant and equipment	193,526	344,177	700,243	464,052	1,701,998
Depreciation of property, plant and equipment	2,338,939	593,966	2,379,572	282,892	5,595,369
Loss on disposal of property, plant and equipment	59,613	–	353,374	465,797	878,784
Impairment of property, plant and equipment	–	41,480	–	–	41,480

	31 December 2020				
	Transportation	**Food supply**	**Car rental**	**Others**	**Total**
Segment revenues	23,394,837	66,997,052	9,368,257	4,337,234	104,097,380
Segment cost of revenues	(23,735,220)	(62,383,818)	(5,123,288)	(3,822,473)	(95,064,799)
Segment results	(340,383)	4,613,234	4,244,969	514,761	9,032,581
Unallocated income					997,752
Unallocated expenses					(28,423,301)
Loss for the year					(18,392,968)
Segment assets and liabilities					
Segment assets	52,112,907	33,045,352	29,773,112	95,031,547	209,962,918
Segment liabilities	29,783,122	45,817,293	13,636,860	75,197,927	164,435,202
Other information					
Purchases of property, plant and equipment	754,163	406,185	2,588,948	498,009	4,247,305
Depreciation of property, plant and equipment	3,045,980	367,377	2,510,131	766,929	6,690,417
Loss on disposal of property, plant and equipment	49,937	(12)	394,476	13,755	458,156
Impairment of property, plant and equipment	421,164	28,292	–	1,255,776	1,705,232

28. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Group's activities expose it to variety of financial risks: e.g. market risk (i.e. foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group management policies for reducing each of the risks are discussed below. The Group does not use derivative financial instruments based on future speculations.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk, interest rate risk and equity price risk.

(a) Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within established limits.
The effect on loss and equity (due to change in fair value of assets and liabilities) as a result of change in currency rate estimated by management at (±) 5% (2020: (±) 5%), with all other variables held constant is shown below:

	Effect on equity		Effect on (loss)/profit before deduction	
	2021	2020	**2021**	2020
	KD	KD	KD	KD
USA Dollars	**320 (±)**	–	**2,197,727 (±)**	2,512,012 (±)
UAE Dirhams	**19,915 (±)**	20,059 (±)	**307 (±)**	211,321 (±)
Qatar Riyals	**174 (±)**	79 (±)	**–**	–
Saudi Riyals	**–**	–	**436,204 (±)**	495,602 (±)
Sudan Pounds	**311 (±)**	2,477 (±)	**–**	–

(b) Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments, which potentially subject the Group to interest rate risk, consist primarily of cash equivalents, bank overdrafts and term loans.
The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.
The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit before KFAS, NLST, Zakat and Directors' remuneration for one year, based on the floating rate financial liabilities held at December 31, 2021.

Floating rate financial liabilities	31 December 2021		31 December 2020	
	Increase / (decrease) in basis points	Effect on profit for the year	Increase / (decrease) in basis points	Effect on profit for the year
		KD		KD
Lease liabilities	**5% (±)**	**33,730 (±)**	**5% (±)**	**33,827 (±)**
Term loans and bank over draft	**5% (±)**	**180,901 (±)**	**5% (±)**	**250,758 (±)**

28. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

31.1 Market risk (Continued)

(c) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in equity prices. Financial instruments, which potentially subject the Group to market risk, consist principally of financial assets at FVTOCI and financial assets at FVTPL. The Group manages this risk by diversifying its investments on the basis of the pre-determined asset allocations across various categories, continuous appraisal of market conditions and trends and management estimate of long and short term changes in fair value.

The following table demonstrates the sensitivity of the changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The estimated change in equity prices is determined at (±) 5% (2020: (±) 5%).

	Effect on other comprehensive income/ (loss)		**Effect on profit or loss before deduction**	
	2021	2020	**2021**	2020
	KD	KD	**KD**	KD
Financial assets at fair value through other comprehensive income	**(±) 82**	(±) 542	**–**	–
Financial assets at fair value through profit or loss	**–**	–	**(±) 17,500**	(±) 336,530

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of due from related parties, trade and other receivables (excluding prepayments and advances to suppliers) and bank balances.

Trade receivables

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, trade receivables have been assessed on a collective basis and grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profile for sales over the past 48 months or ageing profile of customers over the past 1 to 2 years before December 31, 2021 and January 1, 2021 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

28. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(d) Credit riskk (Continued)

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

	31 December 2020					
	Current	**0-90 days**	**91-180 days**	**181-365 days**	**Above 365 days**	**Total**
	KD	KD	KD	KD	KD	KD
Expected credit loss rate (%)	**0.52%**	**7.6%**	**8.12%**	**5.01%**	**80.17%**	
Gross carrying amount	**3,707,707**	**2,667,969**	**820,316**	**909,194**	**12,571,679**	**20,676,865**
Expected credit loss	**19,378**	**202,660**	**66,622**	**45,596**	**10,079,270**	**10,413,526**
	31 December 2020					
	Current	**0-90 days**	**91-180 days**	**181-365 days**	**Above 365 days**	**Total**
	KD	KD	KD	KD	KD	KD
Expected credit loss rate (%)	**1%**	**4.62%**	**7.05%**	**0.89%**	**85.64%**	
Gross carrying amount	**4,373,577**	**2,918,740**	**1,718,446**	**1,960,490**	**11,791,357**	**22,762,610**
Expected credit loss	**43,821**	**134,771**	**121,090**	**17,537**	**10,097,748**	**10,414,967**

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Group on alternative payment arrangement among others is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

Bank balances

The Group's bank balances measured at amortised cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's bank balances are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of due from related parties, trade and other receivables (excluding prepayments and advances to suppliers) and bank balances.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum net exposure to credit risk by class of assets at the reporting date is as follows:

	2021	2020
	KD	KD
Due from related parties (Note 12)	**2,633,098**	4,299,240
Trade and other receivables (excluding prepayments and advances to suppliers) (Note 13)	**15,051,530**	17,388,520
Bank balances (Note 15)	**2,996,653**	4,901,019
	20,681,281	26,588,779

28. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(d) Credit riskk (Continued)

Geographic concentration of maximum exposure to credit risk

The maximum exposure to credit risk for financial assets at the reporting date by geographical region and industry wise sector as follows:

	31 December 2021		
	Gulf Cooperation Council ("GCC")	United States of America ("USA")	Total
	KD	KD	KD
Due from related parties (Note 12)	**2,633,098**	**–**	**2,633,098**
Trade and other receivables (excluding prepayments and advances to suppliers) (Note 13)	**12,203,204**	**2,848,326**	**15,051,530**
Bank balances (Note 15)	**2,996,653**	**–**	**2,996,653**
	17,832,955	**2,848,326**	**20,681,281**
	31 December 2020		
	Gulf Cooperation Council ("GCC")	**United States of America ("USA")**	**Total**
	KD	KD	KD
Due from related parties (Note 12)	**4,299,240**	**–**	**4,299,240**
Trade and other receivables (excluding prepayments and advances to suppliers) (Note 13)	**14,107,457**	**3,281,063**	**17,388,520**
Bank balances (Note 15)	**4,901,019**	**–**	**4,901,019**
	23,307,716	**3,281,063**	**26,588,779**

	2021	2020
	KD	KD
Industry sector:		
Corporates	**7,972,322**	10,025,021
Government	**9,712,306**	11,662,739
Banks and financial institutions	**2,996,653**	4,901,019
	20,681,281	26,588,779

(e) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities,

28. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(e) Liquidity risk (Continued)
by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	31 December 2021			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	KD	KD	KD	KD
Lease liabilities	5,002,115	4,994,584	8,988,358	18,985,057
Term loans	47,076,916	16,162,837	38,492,961	101,732,714
Due to related parties	16,727,172	–	–	16,727,172
Trade and other payables	18,956,868	–	527,851	19,484,719
Bank overdrafts	925,418	–	–	925,418

	31 December 2020			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	KD	KD	KD	KD
Lease liabilities	2,292,718	2,292,718	7,904,103	12,489,539
Term loans	53,343,299	21,973,771	41,880,500	117,197,570
Due to related parties	15,402,561	–	–	15,402,561
Trade and other payables	22,532,280	–	527,851	23,060,131
Bank overdrafts	940,015	–	–	940,015

(f) Capital risk management
The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, through the optimisation of the debt and equity balance so that it can continue to provide an adequate return to shareholders and benefits for other stakeholders and provide adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, borrow funds, or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the year ended December 31, 2021.

28. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(g) Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2021	Level 3	Total
	KD	KD
Financial assets at fair value through other comprehensive income ("FVTOCI")		
Unquoted equity securities	**81,049**	81,049
Total	**81,049**	81,049

31 December 2020	Level 3	Total
	KD	KD
Financial assets at fair value through other comprehensive income ("FVTOCI")		
Unquoted equity securities	**82,689**	82,689
Financial assets at fair value through profit or loss ("FVTPL")		
Unquoted equity securities	**9,047,950**	9,047,950
Total	**9,130,639**	9,130,639

29. ANNUAL GENERAL ASSEMBLY

The Parent Company's Annual General Assembly Meeting of shareholders held on May 30, 2021 approved the consolidated financial statements of the Group for the year ended December 31, 2020.

30. BOARD OF DIRECTORS PROPOSALS

The Board of Directors in their meeting held on March 30, 2022 decided to:
- No dividend distribution for the year ended December 31, 2021 and
- No distribution of Board of Directors' remuneration for the year ended December 31, 2021

The above is subject to the approval of shareholders' annual general assembly.

31. CONTINGENT LIABILITIES

	2021	2020
	KD	KD
Contingent liabilities		
Letters of guarantee	**8,046,513**	7,515,319

The Group has several legal cases in progress, for which management believes that none of them will have a material impact on the consolidated financial statements taken as a whole. One of the major cases is the Parent Company's evacuation of the land of Doha port area, based on the judgment issued by the Court of First Instance in favor of KPA, and was upheld by the Courts of Appeal and Cassation.

In addition to the above, the Court of First Instance issued another judgment in the case filed by KPA against the Parent Company in relation to the same land, as to oblige the Parent Company to pay KD 3.8 Million as utilization fees. Further, on February 16, 2020, the Court of Appeal ruled to amend the judgment of Court of First Instance, and obliged the Parent Company to pay to KPA for utilization as from the date of the license until the date of the contract's expiration on July19, 2014, plus the same price starting from the day following the expiry of the contract on July 20, 2014 until date of actual delivery less payments made by the Parent Company.

The lawsuit is currently deliberated before the Court of Cassation based on the appeal filed by the Parent Company and KPA. Based on the external lawyer counsel's opinion and the level of the Court judgment (Court of Appeal), the Group's management could not ascertain the financial impact on the Group till matters between the litigation parties are irrevocably resolved.

This issue is the subject of the lawsuit (Settlement of Account) to resolve the matters that is filed by the Parent Company against the KPA. Furthermore, this judgment contradicts with irrevocably judicial verdicts that have already been executed, as there is uncertainty with regards to the potential financial impact of this case.

32. NON CASH TRANSACTION

The Group has the following non-cash activities during the year, which is not reflected in the consolidated statement of cash flows.

	2021	2020
	KD	KD
Non cash transaction:		
Effect of transfer of property, plant and equipment (to)/from related parties	**(160,152)**	758,518
Effect of transfer of property, plant and equipment to inventories (net)	**(3,843,995)**	(26,411)
Effect of transfer of inventories from related parties (net)	**298,849**	324,414
Effect of transfer of provision for staff indemnity from related parties	**74,483**	50,076
Settlement of lease liabilities and finance costs through related parties' accounts	**(2,975,329)**	(2,306,824)

33. SIGNIFICANT EVENTS

The outbreak of coronavirus ("COVID-19") pandemic across the globe since 2020 has caused disruption to business and economic activities and uncertainties in the global economic environment. Management assessed the impact of the pandemic on the significant estimates and judgments applied by them in arriving at the Group's reported amounts of financial and non-financial assets as of December 31, 2021.

Based on Management's assessment, it believes that the Group has the required liquidity and plans to settle its current liabilities. Also, the pandemic has affected the business of the Group and its results, which is represented by decrease in revenue and eventually had an effect on net profit or loss. The financial statements reflect the effect resulting from the pandemic in accordance with the requirements of IFRSs.

The management is continuously revising their assumptions, estimates and judgments and monitoring the liquidity position according to emerging events.