Al Eid Food Company
K.S.C. (Public)

and its subsidiaries
Kuwait
The consolidated financial statements
for the financial year ended December 31, 2021
with
Independent auditors' report

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K.S.C. (Public)
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HLB Kuwaiti Accountant Auditing
Certified Public Accountants, Consultants, Business Advisors

Independent auditors' report

The Shareholders,
Al Eid Food Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Report on the Audit of Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Al Eid Food Company - K.S.C. - (Public) - (the parent company) - and its subsidiaries (together referred to as "the Group") which comprise the consolidated statement of financial position as of December 31, 2021 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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 Opinion
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 the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 financial 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 accordingly we do not provide a separate opinion on these matters. Our description of how our audit addressed each matter is provided below.

We have identified the following key audit matters:

Trade receivables
The trade receivables are considered to be a key audit matter for the Group. As a result of the fundamental judgments relevant to calculating expected credit losses, the evaluation of expected credit losses is a key matter. Our focus is to determine the amounts recovered from some trade receivables, as the determination of those amounts may include important estimations based on several assumptions. The accounting policies related to trade receivables and the impairment in their value are mentioned in note (3/6) to the consolidated financial statements.

As a part of audit procedures, we examined among other procedures reasonable samples from trade receivables balances also we carried out the following procedures:

- We reviewed the aging of trade receivables.
- We reviewed the expected credit losses models used by the management to determine impairment.
- We tested both current and historical input data utilized, and reviewed the assumptions used to calculate expected credit losses.

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

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

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

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

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

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

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

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.

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

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

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

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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, physical counting was carried out in accordance with recognized practices, the financial statements together with the financial contents of the report of the Board of Directors are in accordance therewith. Also, we have obtained the information and explanations that we required for the purpose of our audit and the financial statements incorporate the information that is required by the Companies' Law no. 1 of year 2016, and its Executive Regulations, as amended, law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its Executive Regulations and the Company's Articles of incorporation and Memorandum of Association, as amended. According to the information available to us, there were no violations have occurred of either the Companies' Law no. 1 of year 2016, and its Executive Regulations, as amended, law no. 7 of year 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its Executive Regulations or the Company's Articles of incorporation and Memorandum of Association, as amended during the financial year ended December 31, 2021 that might have had a material effect on the Company's business or its financial position.

Rashed Ayoub Yusuf Alshadad	**Adel Al- Sanea**
Licence No. 77 (A)	**Auditors Registry No. 86 Category (A)**
Rödl Middle East – Burgan International Accountants	**Kuwaiti Accounting Auditing**
	A member of H.L.B International

March 6, 2022
State of Kuwait

HLB
Kuwaiti Accountant Auditing
CERTIFIED PUBLIC ACCOUNTANTS

Al Eid Food Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Consolidated statement of financial position as of December 31, 2021
"All amounts are in Kuwaiti Dinar"

	Note	2021 (consolidated)	2020 (un consolidated)
Assets			
Current assets			
Cash and cash equivalents	6	1,182,615	812,037
Accounts receivable and other debit balances	7	14,131,582	13,977,827
Inventory	8	12,556,399	11,432,324
		27,870,596	26,222,188
Non-current assets			
Intangible assets	10	110,126	61,626
Property and equipment	11	489,059	312,452
		599,185	374,078
Total assets		28,469,781	26,596,266
Liabilities and equity			
Current liabilities			
Murabahat payables	12	5,034,520	3,529,536
Accounts payable and other credit balances	13	554,304	524,096
		5,588,824	4,053,632
Non-current liabilities			
Murabahat payables	12	1,305,752	2,730,208
Provision for end of service indemnity		352,021	316,318
		1,657,773	3,046,526
Equity			
Share capital	14	14,465,647	12,054,706
Statutory reserve	15	2,076,800	1,846,520
Voluntary reserve	16	1,147,016	916,736
Retained earnings		3,404,182	4,678,146
Equity attributable to shareholders of the "parent company"		21,093,645	19,496,108
Non-controlling interests		129,539	-
Total equity		21,223,184	19,496,108
Total liabilities and equity		28,469,781	26,596,266

Fahed Saud Al Mutairy
Chairman

Abdullah Saud Al Mutairy
Vice Chairman

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

Al Eid Food Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Consolidated statement of profit or loss and other comprehensive income for the financial year ended December 31, 2021
"All amounts are in Kuwaiti Dinar"

	Note	2021 (consolidated)	2020 (un consolidated)
Revenue			
Sales		22,862,583	17,502,306
Cost of sales	17	(19,130,742)	(14,752,694)
Gross profit		3,731,841	2,749,612
Other income		168,755	128,709
Total revenue		3,900,596	2,878,321
Expenses and other charges			
General and administrative expenses	18	814,275	560,134
Finance charges		484,929	471,439
Depreciation and amortization		179,440	141,665
Provisions		69,614	58,455
Total expenses and other charges		1,548,258	1,231,693
Net profit for the year before KFAS, Zakat and National Labour Support Tax		2,352,338	1,646,628
Contribution to Kuwait Foundation for the Advancement of Science		(20,725)	(14,820)
Zakat		(23,372)	(16,710)
National Labour Support Tax		(58,430)	(41,774)
Net profit for the year		2,249,811	1,573,324
Other comprehensive income		-	-
Total comprehensive income		2,249,811	1,573,324
Attributable to:			
Shareholders of the parent company		2,200,272	1,573,324
Non-controlling interests		49,539	-
Net profit for the year		2,249,811	1,573,324
Earnings per share attributable to the shareholders of the "parent company "/(Fils)	19	15.21	10.88

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

Exhibit - C

Al Eid Food Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Consolidated statement of changes in equity for the financial year ended December 31, 2021
"All amounts are in Kuwaiti Dinar"

	Equity attributable to the shareholders of the "parent company"						
	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January1, 2020 (un consolidated)	10,045,588	1,681,857	752,073	5,443,26	17,922,784	-	17,922,784
Issue of bonus shares	2,009,118	-	-	(2,009,118)	-	-	-
Net profit for the year	-	-	-	1,573,324	1,573,324	-	1,573,324
Transferred to reserves	-	164,663	164,663	(329,326)	-	-	-
Balance at December 31, 2020 (un consolidated)	12,054,706	1,846,520	916,736	4,678,14	19,496,108	-	19,496,108
Balance at January1, 2021 (un consolidated)	12,054,706	1,846,520	916,736	4,678,14	19,496,108	-	19,496,108
Issue of bonus shares (Note – 14)	2,410,941	-	-	(2,410,941)	-	-	-
Cash dividends (Note – 22)	-	-	-	(602,735)	(602,735)	-	(602,735)
Net profit for the year	-	-	-	2,200,272	2,200,272	49,539	2,249,811
Transferred to reserves	-	230,280	230,280	(460,560)	-	-	-
Effect of change on non-controlling interests	-	-	-	-	-	80,000	80,000
Balance at December 31, 2021(consolidated)	**14,465,647**	**2,076,800**	**1,147,01**	**3,404,18**	**21,093,645**	**129,539**	**21,223,184**

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

Al Eid Food Company
K.S.C. (Public)
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Consolidated statement of cash flows for the financial year ended December 31, 2021
"All amounts are in Kuwaiti Dinar"

	Note	2021 (consolidated)	2020 (un consolidated)
Cash flows from operating activities			
Net profit for the year		2,249,811	1,573,324
Adjustments:			
Depreciation and amortization		181,315	141,665
Provision for Expected credit losses		2,500	-
Provision for end of service indemnity		31,913	24,345
Finance charges		484,929	471,439
Operating profit before calculating the effect of changes in working capital items		2,950,468	2,210,773
Accounts receivable and other debit balances		(136,990)	(961,142)
Inventory		(1,101,625)	(866,017)
Accounts payable and other credit balances		30,208	88,964
Net cash generated from operating activities		1,742,061	472,578
Cash flows from investing activities			
Property and equipment		(338,922)	-
Paid for the acquisition of a subsidiary		(75,000)	-
Net cash used in investing activities		(413,922)	-
Cash flows from financing activities			
Murabahat payables		80,528	248,736
Cash dividends		(602,735)	-
Finance charges paid		(484,929)	(471,439)
Net cash used in financing activities		(1,007,136)	(222,703)
Net movement on non-controlling interests		30,000	-
Net increase in cash and cash equivalents		351,003	249,875
Cash and cash equivalents at beginning of the year		812,037	562,162
Cash and cash equivalents resulting from acquisition of a subsidiary		19,575	-
Cash and cash equivalents at end of the year	6	1,182,615	812,037

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

1- Incorporation and activities

Al Eid for General Trading and Contracting Company (Abdullah Saud Murdy Al Mutairy and Partners) was incorporated as W.L.L Company in accordance with the Articles of Association dated on March 4, 1994 and subsequent amendments.

The legal entity of the company has been transferred from (with limited liability company) to a shareholding company (Public), under the name of Al Eid Food Company as per the Articles of Association dated on June 2, 2004 by transferring all assets and obligations to the new company based on evaluation made by an independent expert. Many changes on the company's commercial register, the last of which dated on June 29, 2021 as indicated in detail in note (22).

The objectives for which the parent company was established are:

- Managing and operating all works related to nutrition supplies in restaurants, hospitals, schools, universities, companies, factories and military camps, parks, commercial and residential complexes, clubs, institutes, entertainment cities, guest houses, residential houses, theaters, cinemas, recreational, sports and tourism projects and shops in various grades and levels including all indigenous and assistance services and facilities thereto and other necessary services, whether directly or to the benefit of others.
- Making food and beverages, foodstuffs and other consumables (after the approval of the General Authority of Industry), importing, selling, storing, packaging and distributing them in the manner that the company deems appropriate, wholesale or retail.
- Opening and managing restaurants, including fast-food restaurants.
- Investing in different sectors through shareholding in the establishment or investing in companies.
- Purchasing and importing devices, supplies and equipment necessary for the implementation of the objectives of the parent company.
- Representation of companies and participation in similar tenders for these purposes.
- Ownership of movables and real estate for the performance of its activities to acceptable limits in accordance with the law.
- Utilizing the financial surpluses that available to the company through investing them in financial portfolios managed by specialized companies and authorities.

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

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

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

The consolidated financial statement includes the financial statement of the "Parent Company" and its subsidiaries (together referred to as the "Group") (note - 5).

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2022.

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

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Notes to the consolidated financial statements for the financial year ended December 31, 2021
"All amounts are in Kuwaiti Dinar unless stated otherwise"

2- Adoption of new and revised Standards

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

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year and new & 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:

A) 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
B) 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)
C) There is no substantive change to other terms and conditions of the lease

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

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Notes to the consolidated financial statements for the financial year ended December 31, 2021
"All amounts are in Kuwaiti Dinar unless stated otherwise"

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

The new and revised IFRS standards that are issued, but not yet effective, up to the date of issuance of the company consolidated financial statements are disclosed below, the company intends to adopt these new & revised standards, if applicable, when they become effective.

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 management of the group do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the company in 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.

- **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 management of the Company anticipate that the application of these amendments may have an impact on the company's consolidated financial statements in future periods should such transactions arise.

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

  The amendments to IAS 1 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, revenues 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 1 January 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.

- **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.

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.

3- Significant accounting policies

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

3/1) Basis of the consolidated financial statements preparation

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

3/2) Basis of financial statements consolidation

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

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 control is maintained by the Parent Company when:

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

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

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

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

The financial statements of the subsidiaries are consolidated on a line–by–line basis by adding together alike items of assets, liabilities, revenues and expenses. All inter–company balances and transactions, including unrealized profits or losses arising from inter–company transactions, are fully eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.
The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries' financial year date and the Parent Company's financial year date.

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

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

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

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

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

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

3/4) Financial liabilities/equity

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

3/5) Cash and cash equivalents

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

3/6) Trade receivable

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

3/7) Inventory

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

3/8) Intangible assets

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

Intangible assets are amortized on a straight - line basis over their estimated useful life, over 10 years.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. If there is an indication that the carrying value of an intangible assets is greater than its recoverable amount, it is written down to its recoverable amount and the resultant impairment loss taken to the consolidated statement of profit or loss and other comprehensive income.

3/9) Property and equipment

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

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

Property and equipment are depreciated on straight-line basis to reduce the value to its residual value over their estimated useful lives as follows:

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

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

3/10) Impairment

Non-derivative financial assets

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

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

Financial assets measured at amortized cost

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

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

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

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due. The group considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising the guarantee (if any is held); or
- the financial asset is more than 365 days past due.

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

Credit-impaired financial assets

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

Presentation of impairment

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

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

Non-financial assets

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

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

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

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

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

3/11) Murabahat payables
Murabahat payables are recognized with the value of contracts received net of cost of transaction. Subsequently Murabahat are measured at the amortized cost provided that the difference between the net receivables and the amount to be settled will be charged to the Statement of profit or loss and other comprehensive income for the period covering that finance by the effective cost method.

3/12) Accounts payable
Accounts payable are stated at their nominal value.

3/13) Provision for end of service indemnity
Provision for staff end of service indemnity has been made as per the Labour Law in the private sector and signed contracts on the assumption of ending the services of all staff at the consolidated financial position date. This obligation is not funded. The management expects that based on this method of calculation a reasonable estimate is made of the obligation of the group towards employees' indemnity for past and current periods.

3/14) Equity and reserves

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

3/15) Revenue recognition

- Revenue is recognized either at a certain time or over time when the group meets performance obligations by transferring goods or services to its customers.the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognized either at a certain time or over time when the group meets performance obligations by transferring goods or services to its customers. The group recognizes contract obligation for amounts received in respect of unsatisfactory performance obligations and provides these, if any, as other liabilities in the statement of financial position. Similarly, if the group fulfills a performance obligation before it receives the consideration, the group recognizes either the origin of the contract or receivable, if any, in its consolidated statement of financial position, depending on whether there is anything other than the time required before the amounts are due.
- Other categories of income are recognized when earned, at the time the related services are rendered and/ or on the basis of the terms of the contractual agreement of each activity.

3/16) Borrowing costs

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

3/17) Provisions

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

3/18) Offsetting

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

3/19) Foreign currencies

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

3/20) Kuwait Foundation for the Advancement of Science

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

3/21) Zakat

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

3/22) National Labour Support Tax

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

3/23) Contingent liabilities and assets

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

4- Critical accounting judgments and key sources of estimation uncertainty

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

Judgments

Contingent liabilities/liabilities

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

Key sources of estimation uncertainty

Impairment of tangible and intangible assets and useful lives

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

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

5- The subsidiaries

These consolidated financial statements include the financial statements of Al Eid Food Company K.S.C. (Public) and its subsidiaries, as described below:

Company name	Country	Activity	Ownership percentage% 2021	2020
Natural Honey World Company - W.L.L	Kuwait	Bee honey and its supplies	60%	-
Lugain Food Stuff Company - W.L.L	Kuwait	Food stuff	70%	-

- The "Parent Company" acquired 60% of the ownership shares of (Natural Honey World Company - W.L.L) from a related party under a purchase agreement and assignment of shares and the ownership of those shares mentioned above was transferred in the name of the parent company, the parent company has the control over the financial and operating policies of that company, and hence its financial statements have been consolidated from the date of acquisition (note - 23).
- The "Parent Company" established 70% of the ownership shares of (Lugain Food Stuff Company - W.L.L), accordingly the parent company has the control over the financial and operating policies of this company and hence it is classified as a subsidiary company and its financial statements have been consolidated.
- The financial statements of the subsidiaries have been consolidated based on audited financial statements as of December 31, 2021.

6- Cash and cash equivalents

	2021 (consolidated)	2020 (un consolidated)
Cash on hand	94,008	82,375
Current accounts at banks	1,088,607	729,662
	1,182,615	812,037

7- Accounts receivable and other debit balances

	2021 (consolidated)	2020 (un consolidated)
Trade receivables	11,720,621	11,440,374
Provision for expected credit losses	(468,728)	(465,820)
	11,251,893	10,974,554
Cheques under collection	2,879,689	2,959,001
Refundable deposits	-	44,272
	14,131,582	13,977,827

Trade receivables ageing were as follows December 31,

2021 (consolidated)

During 30 days	30-60 days	60-90 days	90-120 days	<120 days	Total
1,502,214	2,934,649	1,469,612	2,050,496	3,763,650	11,720,621

2020 (un consolidated)

During 30 days	30-60 days	60-90 days	90-120 days	<120 days	Total
1,477,793	2,886,942	1,398,843	1,714,041	3,962,755	11,440,374

For risk profiling purpose, the Group has segregated its receivables and other debit balances portfolio into two subgroups namely, 'receivables from corporates and 'receivables from individuals' based on the historical credit loss and recovery patterns from the customers.

The following table shows the movement in lifetime ECL that has been recognised for receivables and other debit balances in accordance with the simplified approach set out in IFRS 9.

	2021 (consolidated)		
	Receivables from corporates	**Receivables from individuals**	**Total**
Balance at beginning of the year	327,902	137,918	465,820
Expected credit losses charged for the year	-	2,500	2,500
Result from acquiring a subsidiary	-	408	408
Balance at the end of the year	**327,902**	**140,826**	**468,728**

	2020 (un consolidated)		
	Receivables from corporates	Receivables from individuals	Total
Balance at beginning of the year	327,902	137,918	465,820
Balance at the end of the year	327,902	137,918	465,820

The maximum exposure to credit risk at the consolidated statement of financial position date is disclosed in note 24 to these consolidated financial statements. The other classes within receivables and other receivables are neither past due nor impaired.

8- Inventory

	2021 (consolidated)	2020 (un consolidated)
Ending inventory	**7,775,491**	6,984,379
Provision for slow moving goods	**(114,460)**	(114,460)
	7,661,031	6,869,919
Goods in transit	**4,895,368**	4,562,405
	12,556,399	11,432,324

9- Transactions with related parties

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

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

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

Consolidated statement of financial position

The consolidated statement of financial position does not include any balances with related parties.

Consolidated statement of profit or loss and other comprehensive income

Remunerations and benefits for key management personnel:	**2021 (consolidated)**	2020 (un consolidated)
Salaries and other benefits	**24,000**	24,000

10- Intangible assets

This item represents key money that have been amortized over its estimated useful life of 10 years are as follows:

	2021 (consolidated)	2020 (un consolidated)
Cost		
Balance at January 1	**444,017**	444,017
Result from acquiring a subsidiary (Note – 23)	**60,000**	-
Balance at December 31,	**504,017**	444,017
Accumulated amortization		
Balance at January 1	**382,391**	373,891
Charged for the year	**11,500**	8,500
Balance at December 31,	**393,891**	382,391
Net book value at December 31,	**110,126**	61,626

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11- Property and equipment

	Buildings	Machinery and equipment	Vehicles	Decorations	Total
Cost					
Balance at January 1, 2021 (un consolidated)	900,000	311,161	359,150	166,106	1,736,417
Additions	-	142,334	79,630	116,958	338,922
Result from acquiring a subsidiary (Note – 23)	-	4,000	-	3,500	7,500
Balance at December 31, 2021 (Consolidated)	900,000	457,495	438,780	286,564	2,082,839
Accumulated depreciation					
Balance at January 1, 2021 (un consolidated)	765,000	192,773	317,992	148,200	1,423,965
Charged for the year	45,000	57,691	52,144	14,980	169,815
Balance at December 31, 2021 (Consolidated)	810,000	250,464	370,136	163,180	1,593,780
Net book value					
At December 31, 2021 (Consolidated)	**90,000**	**207,031**	**68,644**	**123,384**	**489,059**
At December 31, 2020 (un consolidated)	135,000	118,388	41,158	17,906	312,452

- The buildings are mortgaged against Murabahat (note -12).
- The fair value of the buildings at the end of the year was amounted to KD 1,623,000 which was evaluated based on Two evaluations by two independent evaluators as one of them is a local bank. The accounting policies relevant to the buildings are mentioned in note (3/9) to the consolidated financial statements.

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12- Murabahat payables

This item represents the value of Murabahat with islamic financial institutions.

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

	2021 (consolidated)	2020 (un consolidated)
Current portion	5,034,520	3,529,536
Non-current portion	1,305,752	2,730,208
	6,340,272	6,259,744

Effective cost rate is ranging from 5 % to 5.5 % on the consolidated financial position date (2020: 6% to 6.5%).

Murabahat is secured by personal and solidarity guarantee of the shareholders (Dalqan Holding Company K.S.C (Holding)) and also by mortgage of the company's building located in Ardiya Area and mortgage of shares owned by related parties.

13- Accounts payable and other credit balances

	2021 (consolidated)	2020 (un consolidated)
Provision for staff leave	35,449	49,285
KFAS	111,428	90,703
Zakat	120,531	113,869
National Labour Support Tax	286,896	270,239
	554,304	524,096

14- Share capital

The authorized, issued and full paid-up capital is KD 14,465,647 distributed on 144,656,467 shares with nominal value 100 Fils of each share and all shares are in cash.

On April 4, 2021 the Extraordinary General Assembly of the shareholders was held and approved the increase of the parent company's share capital from KD12,054,706 to KD 14,465,647 by an increase KD 2,410,941 through issuing bonus shares equal to %20 from the share capital at 20 shares to every 100 shares, and that increase was recorded in commercial register on May 18, 2021.

15- Statutory reserve

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

16- Voluntary reserve

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

17- Cost of sales

	2021 (consolidated)	2020 (un consolidated)
Beginning inventory	6,984,379	6,696,155
Result from acquiring a subsidiary (Note – 23)	22,450	-
Purchases	19,899,404	15,040,918
	26,906,233	21,737,073
Ending inventory	(7,775,491)	(6,984,379)
	19,130,742	14,752,694

18- General and administrative expenses

	2021 (consolidated)	2020 (un consolidated)
Staff cost	453,066	352,607
Rents	233,270	114,323
Maintenance expenses	30,247	27,937
Postage and telephone	18,217	9,821
Other	79,475	55,446
	814,275	560,134

19- Earning per share attributable to shareholders of the "parent company" /(Fils)

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

	2021 (consolidated)	2020 (un consolidated)
Net profit for the year attributable to shareholders of the "parent company"	2,200,272	1,573,324
Weighted average number of issued and outstanding shares during the year	144,656,467	144,656,467
Earning per share attributable to shareholders of the "parent company" /(Fils)	15.21	10.88

The weighted average number of outstanding shares during the year has been recomputed during the year ended December 31, 2021 as well as the comparative year to reflect the bonus shares of 24,109,411 shares which have been approved by the Extraordinary General Assembly of the Shareholders on April 4, 2021.

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20- Contingent liabilities

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

	2021 (consolidated)	2020 (un consolidated)
Letters of guarantee	48,645	48,645

21- Proposed dividends and Board of Directors' remuneration

On March 6, 2022 the Board of Directors of the parent company proposed the following:

- Non distribution of remuneration for the Board of Directors members of the parent company for the financial year ended December 31, 2021 (2020: Nil).
- Distribution of cash dividends to the shareholders of the parent company by 8% (2020: 5%) of the paid-up capital 8 Fils per share (2020:5%) and bonus shares at 17% of the paid-up capital (17 shares per 100 shares) for the financial year ended on December 31, 2021 (2020: 20%).

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

22- Shareholders General Assembly

On April 4, 2021 the Ordinary and Extraordinary General Assembly of the shareholders was held and approved the following:

- Approved the financial statements for the financial year ended December 31, 2020.
- Non distribution of any remuneration for the Board of Directors for the financial year ended December 31, 2020.
- Distribution of cash dividends at %5 of the nominal value of each share (5 fils per share) to shareholders registered in the parent company's records as at the end of the maturity date.
- Approved the increase of the parent company's share capital from KD 12,054,705.600 to KD 14,465,646.700 by distributing bonus shares of %20 of the authorized, issued and paid-up capital distributed by 20 shares for each hundred shares through the issuance of 24,109,411 new shares, and that was recorded in commercial register on May 18,2021.
- On June 17, 2021 the Extraordinary General Assembly of the shareholders was held and approved the amendment of the parent company's objectives. This transaction was recorded in the commercial register on June 29, 2021.

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23- Acquisition of a subsidiary company

The "Parent Company" acquired 60% of the ownership shares of (Natural Honey World Company - W.L.L) from a related party under a purchase agreement and assignment of shares, and the ownership of those shares mentioned above was transferred in the name of the parent company, the parent company has the control over the financial and operating policies of that company, accordingly this company classified as a subsidiary, and hence its financial statements were consolidated from the date of acquisition.
The following is a statement of the assets and liabilities of the subsidiary as at the date of acquisition for the purposes of consolidated cash flows:

Assets	**Kuwaiti Dinar**
Cash and cash equivalents	19,575
Accounts receivable and other debit balances	19,265
Inventory	22,450
Intangible assets	60,000
Property and equipment	7,500
Total assets	128,790
Liabilities	
Provision for end of service indemnity	3,790
Total Liabilities	3,790
Net assets	125,000
The group's share in the net assets of the subsidiary 60%	75,000
Cash and cash equivalents	(19,575)
The amount paid	55,425

24- Financial instruments and risks management

Categories of financial instruments
In the ordinary course of business, the group deals in set of financial instruments which are classified in the consolidated statement of financial position as financial assets and financial liabilities as follows:

Financial Assets

	2021 (consolidated)	2020 (un consolidated)
Cash and cash equivalents	1,182,615	812,037
Accounts receivable and other debit balances	14,131,582	13,977,827
	15,314,197	14,789,864

Financial Liabilities

	2021 (consolidated)	2020 (un consolidated)
Murabahat Payables	6,340,272	6,259,744
Accounts payable and other credit balances	554,304	524,096
	6,894,576	6,783,840

Fair value of financial instruments

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

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid market (if any) is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

Financial risks management

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

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

- **Credit risks**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of cash at banks and receivables. Credit risks associated with receivables are limited due to the dispersion of credit across large number of customers, for more details see note (7). Cash at banks are deposited at reputable credit financial institutions and the receivables are presented at net after deducting net of Provision for expected credit losses.

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

	2021 (consolidated)	2020 (un consolidated)
Cash and cash equivalent	**1,088,607**	729,662
Trade receivables	**11,720,621**	11,440,374
	12,809,228	12,170,036

For further information, refer back to notes (6) and (7). Financial assets whose maturity date has expired and its value have not impaired are disclosed in note 7. The maturity date of the other financial assets has not expired.

- **Liquidity risks**

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

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

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

	Within one year	From 1 to 5 years	More than 5 years	Total
Murabahat payables	5,034,520	1,305,752	-	6,340,272
Accounts payable and other credit balances	554,304	-	-	554,304
Provision for end of service indemnity	-	-	352,021	352,021
	5,588,824	1,305,752	352,021	7,246,597

The maturity analysis of liabilities as of December 31, 2020 is as follows (un consolidated):

	Within one year	From 1 to 5 years	More than 5 years	Total
Murabahat payables	3,529,536	2,730,208	-	6,259,744
Accounts payable and other credit balances	524,096	-	-	524,096
Provision for end of service indemnity	-	-	316,318	316,318
	4,053,632	2,730,208	316,318	7,100,158

- **Market risks**

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

Foreign currencies risks

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

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

Interest rate risks

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

The Group's interest rate risks arise from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flows interest rate risks.

As the Group has no long-term borrowing, so it is not exposed to interest risk which resulting from long-term borrowing.

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

Equity price risks

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

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

25- Capital risks management

The Group's objectives when managing capital are:

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

The Group monitors capital on the basis of net debt to the total adjusted capital ratio. This ratio is calculated through dividing net debt by the total adjusting capital. Net debt is calculated as total Murabahat payables, shown in the consolidated statement of financial position less cash and cash equivalents.

Total adjusted capital comprises all components of equity (share capital, reserves retained earnings, and non-controlling interests) plus net debt.

The debt to equity ratio is as follows:

	2021 (consolidated)	2020 (un consolidated)
Debt	6,340,272	6,259,744
Less: Cash and cash equivalents	(1,182,615)	(812,037)
Net debt	5,157,657	5,447,707
Total equity	21,223,184	19,496,108
Total adjusted capital	26,380,841	24,943,815
Debt to equity ratio	%20	%22

26- Significant events

The outbreak of coronavirus ("COVID-19") pandemic across the globe 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 Company's reported amounts of financial and non-financial assets as of 31 December 2021. Management also assessed that the Group has liquidity and plans in place to settle its current liabilities.

Group's Management is continuously revising their assumptions, estimates and judgments and monitoring the liquidity position as event unfold.

27- Comparative figures

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