City Group Company K.S.C.P and subsidiaries
Kuwait

Independent Auditor's Report
and
Consolidated Annual Financial Statements

31 December 2022

شركة سيتي جروب ش.م.ك.ع
City Group Co. KSCP

جدول أعمال الجمعية العامة العادية الحادية والخمسون

لشركة سيتى جروب ش.م.ك.ع عن السنة المالية المنتهية في 31 ديسمبر 2022

1. مناقشة تقرير مجلس الإدارة عن السنة المالية المنتهية فى 2022/12/31 والتصديق عليه.
2. مناقشة تقرير مراقب حسابات الشركة السيد / على بدر الوزان من مكتب السادة / ديلويت وتوش - الوزان وشركاه عن السنة المالية المنتهية في 2022/12/31 والتصديق عليه.
3. مناقشة البيانات المالية المجمعة والحسابات الختامية للشركة عن السنة المالية المنتهية في 2022/12/31 وإعتمادها.
4. إستعراض أية مخالفات رصدتها الجهات الرقابية وأوقعت بشأنها جزاءات على الشركة (إن وجدت) وذلك عن السنة المالية المنتهية فى 2022/12/31.
5. إستعراض تقرير التعاملات التى تمت خلال العام 2022 أو التى ستتم خلال العام 2023 مع أطراف ذات صلة.
6. مناقشة توصية مجلس الإدارة بإستمرار إيقاف الإقتطاع لحساب الإحتياطى القانونى لبلوغه 50% من رأس المال.
7. مناقشة توصية مجلس الإدارة بإستمرار إيقاف الإقتطاع لحساب الإحتياطى العام.
8. مناقشة توصية مجلس الإدارة بتوزيع أرباح نقدية بنسبة 17.5% من القيمة الإسمية للسهم (17.5 فلس للسهم الواحد) وبمبلغ إجمالي 1,821,266 دينار كويتي بعد إستبعاد أسهم الخزينة وكسور الأسهم وذلك من صافى أرباح السنة المالية المنتهية في 2022/12/31 وتكون هذه التوزيعات مستحقة للمساهمين المسجلين فى سجلات الشركة بتاريخ إنعقاد الجمعية العامة العادية، علماً بأن هذه التوصية تخضع لموافقة الجمعية العامة والجهات الرقابية المختصة.
9. مناقشة توصية مجلس الإدارة بعدم صرف مكافأة لأعضاء مجلس الإدارة عن السنة المالية المنتهية في 2022/12/31.
10. مناقشة إخلاء طرف السادة أعضاء مجلس الإدارة فيما يتعلق بتصرفاتهم القانونية والمالية والإدارية عن السنة المالية المنتهية في 2022/12/31.
11. الموافقة على تفويض مجلس الإدارة والسماح له فى توزيع أرباح نقدية مرحلية خلال السنة المالية 2023 وبذات المعايير المتبعة للموافقة على التوزيعات السنوية، وتحديد مقدارها ونسبتها واتخاذ كافة الإجراءات والموافقات الأخرى التى تلزم لذلك من الجهات المختصة ذات العلاقة.
12. تفويض مجلس الإدارة بشراء أو بيع أسهم الشركة بما لا يتجاوز نسبة وقدرها 10 % من عدد أسهمها، وذلك وفقاً لأحكام المواد الوارده بالقانون رقم 7 لسنة 2010 ولائحته التنفيذية والتعديلات اللاحقة عليهم، وقرارات وتعليمات الجهات الرقابية فى هذا الخصوص، وعلى أن يستمر هذا التفويض سارياً لمدة ثمانية عشر شهراً اعتباراً من تاريخ صدوره.
13. تعيين أوإعادة تعيين مراقب حسابات الشركة على أن يكون من ضمن القائمة المعتمدة بأسماء مراقبى الحسابات لدى هيئة أسواق المال، وتفويض مجلس الإدارة بتحديد أتعابه عن السنة المالية للشركة التى سوف تنتهى فى 2023/12/31.

مرزوق جاسم مرزوق بودي

رئيس مجلس الإدارة

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ورشة العمل: فاكس: ٤٣٦٤-٢٤٦٧ - السجل التجاري: ٢٥٧٢٤ رأس المال المدفوع ١١،٣٠٠،٧٨٩ د.ك بريد إلكتروني : info@citygroupco.com
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شركة سيتي جروب ش.م.ك.ع
City Group Co. K.S.C.P

جدول أعمال الجمعية العامة غير العادية لشركة سيتى جروب ش.م.ك.ع

تعديل المادة (57) من النظام الأساسي للشركة وذلك بعد مو افقة الجهات المختصة كالاتى :-

نص المادة قبل التعديل :

مع مراعاة الأحكام التى يتضمنها عقد الشركة، يجوز للجمعية العامة العادية بناء على أقتراح مجلس الإدارة أن توزع أرباحاً على المساهمين فى نهاية السنة المالية أو نهاية كل فترة مالية، ويشترط لصحة هذ التوزيع أن يكون من أرباح حقيقية، ووفقاً للمبادئ المحاسبية المتعارف عليها، وألا يمس هذا التوزيع رأس المال المدفوع للشركة.

نص المادة بعد التعديل :

يجوز للجمعية العامة بناءًا على اقتراح مجلس الإدارة أن توزع أرباحاً على المساهمين في نهاية السنة المالية أو نهاية كل فترة مالية، كما يجوز للجمعية العامة العادية أن تفوض مجلس الإدارة في توزيع أرباح مرحلية للمساهمين خلال أي سنة مالية، ويشترط لصحة هذا التوزيع أن يكون من أرباح حقيقية، ووفقاً للمبادئ المحاسبية المتعارف عليها، وألا يمس هذا التوزيع رأس المال المدفوع للشركة.

مرزوق جاسم مرزوق بودي

رئيس مجلس الإدارة

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شركة سيتي جروب ش.م.ك.ع
City Group Co. KSCP

تقرير مجلس الإدارة لشركة سيتى جروب ش.م.ك.ع
للسنة المالية المنتهية فى 2022/12/31

السادة المساهمين الكرام ،،،

يسرني وأعضاء مجلس الإدارة أن نرحب بكم وأن نقدم لكم التقرير السنوي والبيانات المالية المدققة للسنة المالية المنتهية في 31 ديسمبر 2022.

ونود أن نعرض لكم فيما يلي بيان بأهم الإنجازات للسنة المالية المنتهية في 31 ديسمبر 2022 مقارنة مع السنة المالية السابقة المنتهية في 31 ديسمبر 2021:

البيـــــــان	عام 2022 (د.ك)	عام 2021 (د.ك)
إجمالى الإيرادات	16,813,326	14,012,298
إجمالي التكاليف خلال الفترة (شاملة المصاريف الإدارية والتشغيل)	(13,922,437)	(12,169,945)
الناتج من الأنشطة التشغيلية	2,890,889	1,842,353
صافي إيرادات التمويل / (التكاليف)	(260,558)	(196,856)
ضريبة السنة	(53,903)	(31,636)
صافي ربح السنة	2,576,428	1,613,861
الأرباح/الخسائر من العمليات المتوقفة	-	369,035
إجمالي الدخل الشامل للسنة	2,576,428	1,982,896

أهم الإنجازات:

شهد عام 2022 العودة التدريجية للانشطة الأقتصادية بعد تأثرها من جائحة كورونا خلال أعوام 2020 و2021. الا ان نشاط نقل الركاب لم يصل بعد الي نفس معدلات تشغيل ما قبل الجائحة. وهو ما مثل تحدى كبير للشركة وبالأخص مع أزدياد حدة المنافسة وقيام المنافسين بزيادة عدد الحافلات المخصصة لنشاط النقل العام. ولمواجهة هذه التحديات، فقد عمدت ادارة الشركة علي العمل علي عدة اصعدة:

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1. تحديث الحافلات: وقد تم اضافة عدد (80) حافلة حديثة الي الاسطول.
2. رفع كفاءة الاصول: من خلال استخدام التقنية الحديثة ونظام تتبع المركبات والتي تتيح التوظيف الامثل لجداول التشغيل والاستخدام الامثل للموارد فى ظل المتغيرات فى اعداد و التوزيع الجغرافى للركاب

ومن اجل الحفاظ علي القدرات التشغيلية فقد نجحت ادارة الشركة فى استقدام سائقيين من خارج دولة الكويت. وقد مكن هذا من الحفاظ الحصة السوقية وتشغيل العدد الأمثل من الحافلات لتحقيق النمو المرجو. وتماشيا مع استراتيجية خفض التكاليف، فقد تم تعزيز اوجه التعاون مع الموردين وهو ما ساهم فى الحفاظ علي تكاليف التشغيل فى ظل التضخم فى الاسعار الذى يشهده العالم حاليا.

وتستمر ادارة الشركة فى تبني استراتيجية التحول الرقمى لتقديم حلول حديثة فى مجال نقل الركاب وادارة الموارد لرفع الكفاءة الانتاجية و معدلات الربحية. ويتم حاليا تحديث النظم الالكترونية فى عدة مجالات مثل التحصيل وتقديم خدمات جديدة فى مجال نقل الركاب. ومن المتوقع ان يشهد النصف الاول من العام الحالى طرح منتجات جديدة ستساهم بشكل كبير فى قدرات الشركة التنافسية.

وفى اطار تعزيز الكفاءة وتحسين النتائج المستقبلية، فقد تم البدء بتشغيل عمليات "**Demand Responsive Transport**" من خلال العلامة التجارية "**CityLink Shuttle**" خلال النصف الثانى من عام 2022. هذا ومن المتوقع ان يحقق هذا القطاع نموا جيدا فى المستقبل القريب مع سعى الشركة الي تطوير مبادراتها التكنولوجية لتوفير خدمة افضل وضمان اعلي مستويات السلامة والرفاهية للمجتمع وضمان الاستدامة طويلة الاجل للشركة والعمل علي زيادة الربحية العائدة علي المساهمين.

وفيما يتعلق بنشاط الخدمات اللوجستية والتخزين ، فقد حافظت شركة مجموعة النقل والتخزين العقارية على أدائها المميز من خلال المحافظة علي معدلات تشغيلية عالية مكنت قطاع التخزين من تحقيق معدلات ربحية عالية. وسوف تسعي ادارة الشركة الي البحث عن مساحات تخزينية جدية لتعزيز الربحية.

وتماشياً مع إستراتيجية خفض التكاليف، لا تزال الشركة تبحث بإستمرار عن سبل جديدة ومطورة لخفض تلك التكاليف ومراجعة العقود الرئيسية لتحسين الكفاءة.

إدارة المخاطر وملاءمة الضوابط المالية الداخلية:

تطبق الشركة أنظمة رقابة داخلية ملائمة تتناسب مع طبيعة عملياتها، ويعمل التدقيق الداخلي على تحديد ومعالجة مخاطر العمل والتوصية بالإجراءات التى تخفض هذه المخاطر إلى أدنى حد ممكن. علاوة على ذلك، فان هناك

لجنة أساسية تضم الإدارة العليا لتحديد وتقييم المخاطر الرئيسية وصياغة استراتيجيات تعمل على التخفيض من المخاطر. ويتم مناقشة ذلك بإجتماعات اللجنة التنفيذية ولجنة التدقيق ومجلس إدارة الشركة.

النظرة المستقبلية:

لقد اتسم عام 2022 بالعديد من التحديات، وهو ما يتطلب استمرار العمل على تطوير منتجات الشركة. وتسعى الشركة الي تحقيق النمو والربحية المستدامة من خلال عدة محاور لتقديم كل ما هو جديد ومبتكر للحفاظ على مركز الشركة القيادى وذلك من خلال:

1. العمل على تطوير اسطول الشركة لتغطية أكبر قدر من شبكة النقل العام.
2. الاستثمار في الموارد البشرية لرفع الكفاءة والانتاجية التي تساهم في تحقيق النمو المنشود.
3. مواصلة جهود التحول الرقمي لتقديم حلول فائقة الجودة والقيمة في مجال نقل الركاب والمخازن والمصممة خصيصا لتلبية احتياجات مختلف العملاء.
4. العمل على تحديث خدمات الشركة للمساهمة لتعزيز الجهود الهادفة الي الوصول الي "Green Mobility" في اطار استراتيجية الشركة لتحقيق النمو والربحية المستدامة.

توزيعات الأرباح:

تم خلال عام الحالي عمل توزيعات ارباح "14" فلس علي السهم ويوصى مجلس الادارة بتوزيع ارباح اضافية "17.5" فلس علي السهم. بذلك تصبح توزيعات الارباح عن اعمال 2022 "31.5" فلس علي السهم (2021: 17 فلسا).

في الختام، يسرني بالأصالة عن نفسي وبالنيابة عن أعضاء مجلس الإدارة أن أتقدم بخالص الشكر والتقدير لصاحب السمو أمير البلاد المفدى وسمو ولي عهده الأمين ورئيس مجلس الوزراء حفظهم الله ورعاهم، وحكومة دولة الكويت الرشيدة لحرصهم الدائم على دعم القطاع الخاص .

كما نتوجه بالشكر للمساهمين الكرام على دعمهم المتواصل، وإلى أسرة العاملين بالشركة لجهودهم الدؤوبة وإخلاصهم المتفاني لتصبح شركة سيتي جروب من أهم الشركات المحلية الرائدة في مجال النقل العام الجماعي في دولة الكويت.

مرزوق بودي

رئيس مجلس الإدارة

Contents

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CITY GROUP COMPANY K.S.C.P

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of City Group Company K.S.C.P (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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.

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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Deloitte.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and 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.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Company and the consolidated financial statements, together with the contents of the report of the Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all the information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the 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, or of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2022 that might have had a material effect on the business of the Company or on its consolidated financial position.

Ali B. Al-Wazzan
Licence No. 246A
Deloitte & Touche - Al-Wazzan & Co.

Kuwait
28 February 2023

Consolidated Statement of Financial Position as at 31 December 2022

	Note	31 December 2022	31 December 2021 (Restated)	1 January 2021 (Restated)
		Kuwaiti Dinars		
ASSETS				
Current assets				
Cash and cash equivalents	3	3,950,323	4,173,741	4,271,978
Trade and other receivables	4	1,451,087	976,694	1,024,757
Due from related parties	5	421,592	601,777	633,127
Inventories	6	201,090	181,326	200,583
		6,024,092	5,933,538	6,130,445
Assets classified as held for sale	19	-	-	6,743,248
		6,024,092	5,933,538	12,873,693
Non-current assets				
Property and equipment	7	12,692,703	11,243,491	10,031,817
Right of use assets	8	8,555,440	7,725,166	8,285,571
Goodwill		55,000	55,000	55,000
		21,303,143	19,023,657	18,372,388
Total assets		27,327,235	24,957,195	31,246,081
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	9	2,396,535	2,059,219	1,832,259
Due to related parties	10	191,120	177,843	34,885
Borrowings	11	2,880,987	2,393,373	4,900,000
Lease liabilities	12	367,437	409,266	580,467
		5,836,079	5,039,701	7,347,611
Liabilities directly associated with assets classified as held for sale	19	-	-	2,639,798
		5,836,079	5,039,701	9,987,409
Non-current liabilities				
Borrowings	11	2,735,848	1,556,637	-
Lease liabilities	12	2,733,055	1,834,181	2,199,922
Post-employment benefits		1,828,370	1,682,979	1,569,832
		7,297,273	5,073,797	3,769,754
Total liabilities		13,133,352	10,113,498	13,757,163
Equity				
Share capital	13	11,300,789	11,300,789	11,300,789
Legal reserve	13	5,650,395	5,650,395	5,711,802
Treasury shares	13	(4,628,117)	(4,628,117)	-
Retained earnings		1,870,816	2,520,630	476,327
Total equity		14,193,883	14,843,697	17,488,918
Total liabilities and equity		27,327,235	24,957,195	31,246,081

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

Marzouk Jassim Boodai
Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income – Year ended 31 December 2022

	Note	Kuwaiti Dinars 2022	Kuwaiti Dinars 2021 (Restated)
Continuing operations			
Operating revenues	14	16,627,872	13,777,530
Operating costs	15	(11,735,876)	(10,302,312)
Gross profit		4,891,996	3,475,218
Other income		185,454	234,768
General and administrative expenses	16	(2,186,561)	(1,867,633)
Finance income		60,632	53,334
Finance costs		(321,190)	(250,190)
Profit for the year before taxes		2,630,331	1,645,497
Zakat	17	(27,600)	(15,182)
Kuwait Foundation for the Advancement of Sciences	18	(26,303)	(16,454)
Profit for the year from continuing operations		2,576,428	1,613,861
Discontinued operations			
Profit for the year from discontinued operations	19	-	369,035
Total profit for the year		2,576,428	1,982,896
Other comprehensive income for the year		-	-
Total comprehensive income for the year		2,576,428	1,982,896

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

City Group Company K.S.C.P and subsidiaries
Kuwait

Consolidated Statement of Changes in Equity – Year ended 31 December 2022

	Kuwaiti Dinars				
	Share capital	**Legal reserve**	**Treasury shares**	**Retained earnings**	**Total**
Balance at 1 January 2021 (as previously reported)	11,300,789	5,711,802	-	-	17,012,591
Impact of correction of errors (note 27)	-	-	-	476,327	476,327
Balance at 1 January 2021 (restated)	11,300,789	5,711,802	-	476,327	17,488,918
Comprehensive income for the year	-	-	-	1,982,896	1,982,896
Purchase of treasury shares (note 13)	-	-	(4,628,117)	-	(4,628,117)
Transfer (note 13)	-	(61,407)	-	61,407	-
Balance at 31 December 2021 (restated)	11,300,789	5,650,395	(4,628,117)	2,520,630	14,843,697
Comprehensive income for the year	-	-	-	2,576,428	2,576,428
Dividends (note 13)	-	-	-	(3,226,242)	(3,226,242)
Balance at 31 December 2022	11,300,789	5,650,395	(4,628,117)	1,870,816	14,193,883

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

Consolidated Statement of Cash Flows – Year ended 31 December 2022

	Note	Kuwaiti Dinars 2022	2021 (Restated)
Cash flows from operating activities			
Net profit for the year		2,576,428	1,982,896
Adjustments for:			
Depreciation and amortization	7,8	2,675,450	2,420,335
Other income – Rent concession and gain on termination of lease liabilities		(37,201)	(74,034)
Profit on disposal of property and equipment	16	(35,476)	(12,749)
Charge/(reversal) of provision for inventory obsolescence	6	410	(3,153)
(Reversal)/charge of provision for expected credit loss	22	(350)	58,477
Foreign exchange loss		1,447	8,814
Finance costs/(income) – net		260,558	196,856
Gain from disposal of discontinued operations	19	-	(376,567)
Provision for post-employment benefits		317,259	254,037
Operating cash flows before movements in working capital		5,758,525	4,454,912
Changes in:			
- inventories		(20,174)	29,760
- trade and other receivables		(477,417)	(14,353)
- due from related parties		180,185	31,350
- trade and other payables		285,313	165,282
- due to related parties		13,277	142,958
Cash generated from operations		5,739,709	4,809,909
Payment of post-employment benefits		(171,868)	(140,890)
Net cash from operating activities		5,567,841	4,669,019
Cash flows from investing activities			
Acquisition of property and equipment	7	(3,563,025)	(3,034,036)
Proceeds from disposal of property and equipment		57,323	49,625
Decrease in time deposits with original maturity period exceeding three months		-	250,000
Net cash inflow on disposal of discontinued operations		-	246,448
Finance income received		64,006	57,273
Net cash used in investing activities		(3,441,696)	(2,430,690)
Cash flows from financing activities			
Proceeds from borrowings – murabaha facility		3,283,675	4,806,637
Repayment of borrowings		(1,616,850)	(5,756,627)
Repayment of lease liabilities		(519,512)	(544,702)
Finance cost paid – lease liabilities		(106,801)	(95,734)
Finance cost paid – borrowings		(177,473)	(84,608)
Purchase of treasury shares		-	(4,628,117)
Dividend paid		(3,212,602)	(16,984)
Net cash used in financing activities		(2,349,563)	(6,320,135)
Net decrease in cash and cash equivalents		(223,418)	(4,081,806)
Cash and cash equivalents at beginning of the year		1,173,741	5,255,547
Cash and cash equivalents at end of the year	3	950,323	1,173,741

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

1. Incorporation and activities

City Group Company K.S.C.P (the "Company") is a Kuwaiti Shareholding Company incorporated in the State of Kuwait on 3 August 1977 under the commercial license no. 25724 dated 8 August 1977.

The registered office of the Company is located at Sulaibiya, P.O. Box 24611, Safat 13107, State of Kuwait.

The consolidated financial statements as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as "the Group" and individually "the Group entities"). A list of significant directly owned subsidiaries is as follows:

Name of the entity	Country of incorporation	Percentage of ownership		Principal activities
		2022	2021	
Transport & Warehousing Real Estate Group Company W.L.L	Kuwait	99%	99%	Warehousing services
Kuwait China Buses Company for Import, Export & Commission Agent W.L.L	Kuwait	99%	99%	Import, export and dealership services
Abar Oil Field Services Company W.L.L	Kuwait	99%	99%	Oil field services

Rest of the ownerships in subsidiaries are held by affiliates of the Company as nominees. Such affiliates have acknowledged that they hold shares on behalf and for the benefit of the Company. The Company accounts for these subsidiaries based on the percentage of beneficial ownership.

The Group is a public transport operator and a warehousing service provider in Kuwait. Further, the Group is engaged in bus dealership services.

The objectives of the Company as per Memorandum of Incorporation and Articles of Association is set out below:

a. Carrying out all operations of overland transportation and transporting goods of all kinds including vegetables, fruits, meat and liquids and loose material inside and outside State of Kuwait.

b. Carrying out all operations serving or related to overland transportation including import transactions, owning different means of overland transportation including cars and other means, spare parts and maintenance workshops, completing its parts and operations of leasing and renting for these different means of transportation in different roads.

c. Owning, renting, and leasing real estates and land necessary for serving different activities carried out by the Company and included in its objectives.

d. Customs clearance for imported and exported goods and packing different kinds of goods.

e. Carrying out all operations and efforts that lead to reinforcement of connections among Arab countries and enhancing overland transportation among them.

f. Representing foreign companies related to the Company's activities.

g. Carrying out stevedoring works for different goods including catalysts and hazardous material.

h. Establishing warehouses of all types and equipping them with levers and specials installations for arranging and moving goods and performing all warehousing works, managing and maintaining all warehouses and renting them to other parties in the aim of storing of all goods in addition to cars and heavy equipment along with controlling the stored.

i. Sharing in managing, operating and maintaining the marine and land ports related to the transportation activities.

j. Performing all the activities of electronic trade in the work field of the Company.

k. Establishing and renting buildings necessary for transportation services and works.

l. Marine transportation activities of all kinds; ships services and provisioning, agents for ships companies.

m. Passenger overland transportation of all kinds and owning passenger transportation means.

n. Renting and leasing heavy equipment and all kinds of transportation equipment related to the overland transportation.

o. Offering services in the field of aviation industry, airports management including ground services supporting passengers, planes and goods.

p. Utilizing the financial surplus available in the Company accounts through investing in financial and real estate portfolios managed by specialized companies and bodies pursuant to the Amiri decree no 235 of 2003.

The Company may have interests or in any way associate itself with entities carrying out activities similar to its own or which may help the Company to realize its objectives in the State of Kuwait or abroad and may purchase or acquire such bodies thereto.

These consolidated financial statements for the year ended 31 December 2022 were authorized for issuance by the Board of Directors on 28 February 2023 and are subject to the approval of the shareholders at their forthcoming Annual General Meeting.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These consolidated financial statements are prepared under the historical cost basis of measurement. The consolidated financial statements are presented in Kuwaiti Dinars, which is the functional currency of the Group.

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 liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 26.

Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2.2 New and revised accounting standards

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 except for the following new and amended IASB Standards during the year:

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 April 2021
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	*Amendments to IFRS 3, 'Business combinations'* update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. *Amendments to IAS 16, 'Property, plant and equipment'* prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income. *Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'- 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). *Annual improvements have made minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.*	Annual periods beginning on or after 1 January 2022.

The application of these amendments did not have any significant impact on the consolidated financial statements.

2.3 Standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	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 IASB has issued a new exposure draft proposing change to this amendment and the IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.	Deferred until accounting periods starting not earlier than 1 January 2024
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 IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	Annual periods beginning on or after 1 January 2023
Narrow scope amendments to IAS 1, IFRS Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- 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.	Annual periods beginning on or after 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.

Standard, interpretation, amendments	Description	Effective date
A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts	The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.	Annual periods beginning on or after 1 January 2023.

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments will not have any material impact on the consolidated financial statements of the Group in the period of initial application.

2.4 Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

The Group classifies its financial assets as "Financial assets carried at amortised cost".

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. 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 Fair Value through Profit or Loss. The Group's business model is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' contractual cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Impairment of financial assets

The Group recognizes expected credit losses (ECL) on financial assets that are measured at amortized cost in accordance with IFRS 9. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1) the financial instrument has a low risk of default;

2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in the consolidated statement of profit or loss as the modification gain or loss within other gains and losses.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported on a net basis in the accompanying consolidated statement of financial position when a legally enforceable right to set off such amounts exists and when the Group intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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; and

Level 3 inputs are unobservable inputs for the asset or liability.

For financial instruments carried at amortized cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.7 Cash and cash equivalents

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

2.8 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

2.9 Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

	Years
Buildings	10 – 20
Prefabricated buildings	5 – 10
Fleet/vehicles	5 – 10
Furniture and fixtures	5
Office equipment	5
Tools and machinery	5

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate, to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

Capital work in progress represent the amounts that are incurred for the purpose of constructing or purchasing property and equipment until it is ready to be used in the operation, upon which it is transferred to property and equipment.

2.10 Leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short term leases and low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent measurement

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term on the right of use at cost less its residual value. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the statement of income. The depreciation starts at the commencement date of the lease.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised 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 recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

2.11 Goodwill

Goodwill arising in a business combination is initially recognized and 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 recognised immediately in consolidated statement of profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.12 Impairment of non-financial assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property and equipment and right of use 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

2.13 Borrowings

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

2.14 Post-employment benefits

Employees are entitled to an end of service indemnity payable under the Kuwait Labor Law based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. The expected costs of these benefits are accrued over the period of employment.

Kuwaiti employees

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this scheme, which is a defined contribution scheme, are charged to the consolidated statement of profit or loss in the year to which they relate.

2.15 Treasury shares

The cost of the Company's own shares purchased, including directly attributable costs, is classified under equity. Gains or losses arising on sale are separately disclosed under shareholders' equity and these amounts are not available for distribution. These shares are not entitled to cash dividends. 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.

2.16 Revenue recognition

Revenue is recognized as the Group satisfies the performance obligation by transferring the promised services to the customer. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer. The Group assesses its revenue arrangements to determine if it is acting as a principal or agent and records revenue accordingly.

Revenue is measured at a fair value of the consideration received or receivable, taking into account defined terms of payment in a contract and net of applicable discounts.

Transport revenue/fleet income

Majority of the Group's revenue is derived from transport services in the form of public transportation wherein, the service involved is passenger journeys from one stop to another for a short duration. The passenger boarding the bus pays for the ticket at the time of boarding the bus for the desired trip and the revenue is recognized after the successful completion of the journey. The obligation on the part of the service provider are passenger journeys and the revenue of which is recorded on its successful completion.

The customers may also opt to pay for the public transportation by way of purchasing a pass which is valid for a certain time duration irrespective of the number of journeys during that time and are recognized point over time.

Transport services also includes charter service wherein the company enters into a transportation contract with other companies/entities for its employees. The arrangement is normally for a month and the terms are laid out in the contract. The company must provide multiple journeys during the billing period based on the terms. The invoices are raised at the end of the month on successful completion of the journeys as per the terms of the contract and revenue is recognized point over time.

Warehouse income

Warehousing services are provided on a contractual basis wherein the Group enters into a contract for providing vacant warehouse/space/shops for the purpose of storage on a monthly basis and rental revenue is recognized upon the completion of performance obligations of providing storage as per the contractual terms.

Vehicle dealership

The Group also has a subsidiary which is the authorized dealer of the bus manufacturer (Yutong) in Kuwait. The dealership also earns its commission from direct sales of both buses and spare parts in Kuwait by the manufacturer. The revenue is recorded at a point in time upon confirmed delivery of buses and spare parts to the Group or third parties.

Advertising revenue

Advertising revenue is recognized point over time, over the period of the contract, based on the proportion of the level of service performed.

Finance income

Finance income comprises interest income on funds invested. Interest income is recognized using the effective yield method.

2.17 Finance costs

Finance costs comprise interest expense on borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

2.18 Provisions for liabilities

Provisions for liabilities are recognised, when, as a result of past events it is probable that an out flow of economic resources will be required to settle a present legal or constructive obligation; and the amount can be reliably estimated.

2.19 Foreign currencies

The functional and presentation currency of the Group is the Kuwaiti Dinar. Foreign currency transactions are translated into Kuwaiti Dinars at the rates of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Kuwaiti Dinars at the rates of exchange prevailing at the consolidated statement of financial position date. Gains/losses arising from currency translation are taken to the consolidated statement of profit or loss.

2.20 Contingencies

Contingent assets are not recognized as an asset until realisation becomes virtually certain. Contingent liabilities are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated.

2.21 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

3. Cash and cash equivalents

	Kuwaiti Dinars	
	2022	**2021**
Cash on hand	104,552	69,828
Balances with banks in:		
- current accounts	399,604	431,030
- call accounts	446,167	672,883
- time deposits	3,000,000	3,000,000
Cash and cash equivalents in consolidated statement of financial position	3,950,323	4,173,741
Less: Time deposits with original maturity period exceeding three months	(3,000,000)	(3,000,000)
Cash and cash equivalents as disclosed in the consolidated statement of cash flows	950,323	1,173,741

The effective interest rate on term deposits were 1.250% to 4.250% (31 December 2021: 0.500% to 1.375%) per annum as at the consolidated statement of financial position date.

4. Trade and other receivables

	Kuwaiti Dinars	
	2022	2021
Trade receivables	1,418,261	1,369,924
Provision for expected credit loss	(1,099,610)	(1,099,960)
	318,651	269,964
Other receivables	800,118	476,006
Provision for expected credit loss	(285,134)	(285,134)
	514,984	190,872
Staff advances	114,413	74,831
Deposits and prepayments	503,039	441,027
	1,451,087	976,694

The maximum exposure to credit risk at the statement of financial position date approximates the fair value of each class of receivables mentioned above. No interest is charged on the overdue trade receivables.

The expected credit loss on trade receivables are estimated using a provision matrix by reference to past default history of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the entity, its general economic conditions and an assessment of both the current and forecasted conditions at the reporting date.

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 22.

5. Due from related parties

Due from related parties represents non-interest bearing amounts, denominated in Kuwait Dinars and is receivable from affiliate companies on demand. The Group does not hold any collateral as security.

6. Inventories

	Kuwaiti Dinars	
	2022	2021
Stores and spares	604,671	555,513
Goods in transit	160	44,018
	604,831	599,531
Provision for inventory obsolescence	(403,741)	(418,205)
	201,090	181,326

Reconciliation of provision for inventory obsolescence:

	Kuwaiti Dinars	
	2022	2021
Opening balance	418,205	717,113
Charge/(reversal) for the year	410	(3,153)
Write off	(14,874)	(295,755)
Closing balance	403,741	418,205

7. Property and equipment

	Kuwaiti Dinars							
	Buildings	**Prefabricated buildings**	**Fleet / vehicles**	**Furniture and fixtures**	**Office equipment**	**Tools and machinery**	**Capital work in progress**	**Total**
Cost								
As at 1 January 2021	8,009,874	276,866	16,675,552	420,092	2,033,170	801,165	56,561	28,273,280
Additions	27,168	94,130	2,355,710	121,333	39,176	7,051	389,468	3,034,036
Transfers	-	-	7,379	-	829	-	(8,208)	-
Transfer to inventory	-	-	-	-	-	-	(7,350)	(7,350)
Disposals	(16,117)	-	(628,910)	-	(13,807)	-	(14,884)	(673,718)
As at 31 December 2021	8,020,925	370,996	18,409,731	541,425	2,059,368	808,216	415,587	30,626,248
Additions	5,570	1,000	3,208,557	8,133	54,294	14,742	270,729	3,563,025
Transfers	271,948	1,575	3,421	46,109	90,610	-	(413,663)	-
Disposals	(102,613)	-	(2,553,240)	-	(484)	(15,066)	(2,500)	(2,673,903)
As at 31 December 2022	8,195,830	373,571	19,068,469	595,667	2,203,788	807,892	270,153	31,515,370
Accumulated depreciation and impairment losses								
As at 1 January 2021	5,655,566	275,638	9,400,314	407,172	1,737,590	765,183	-	18,241,463
Charge for the year	401,996	3,995	1,250,039	20,718	83,241	18,147	-	1,778,136
Disposals	(14,237)	-	(611,429)	-	(11,176)	-	-	(636,842)
As at 31 December 2021	6,043,325	279,633	10,038,924	427,890	1,809,655	783,330	-	19,382,757
Charge for the year	438,012	10,750	1,517,304	33,446	81,379	11,075	-	2,091,966
Disposals	(102,613)	-	(2,544,131)	-	(484)	(4,828)	-	(2,652,056)
As at 31 December 2022	6,378,724	290,383	9,012,097	461,336	1,890,550	789,577	-	18,822,667
Net book value								
As at 31 December 2022	1,817,106	83,188	10,056,372	134,331	313,238	18,315	270,153	12,692,703
As at 31 December 2021	1,977,600	91,363	8,370,807	113,535	249,713	24,886	415,587	11,243,491

Depreciation charge has been allocated as follows:

	Kuwaiti Dinars	
	2022	**2021**
Operating costs	1,970,956	1,652,642
General and administrative expenses	121,010	125,494
	2,091,966	1,778,136

8. Right of use assets

	Kuwaiti Dinars	
	2022	**2021 (Restated)**
Balance at 1 January	7,725,166	8,285,571
Additions	1,413,758	176,487
Terminations	-	(94,693)
Amortisation	(583,484)	(642,199)
Balance at 31 December	8,555,440	7,725,166

The Group does not have any lease contracts with variable lease payments which are not included in the measurement of the lease liabilities.

The Group leases assets which include properties, offices and staff accommodations. Lease terms are negotiated on an individual basis and contains range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The average lease term is 5 years (31 December 2021: 5 years).

9. Trade and other payables

	Kuwaiti Dinars	
	2022	**2021 (Restated)**
Trade payables	476,618	405,203
Accruals	1,537,457	1,271,872
Advances from customers	8,731	75,758
Dividend payable	178,481	164,841
Other payables	195,248	141,545
	2,396,535	2,059,219

10. Due to related parties

Due to related parties represents non-interest bearing amounts, denominated in Kuwait Dinars and is repayable to affiliate companies on demand.

11. Borrowings

This includes:

- KD 785,661 (31 December 2021: KD 1,393,373) of a short-term Kuwaiti Dinar denominated murabaha facility secured from a local Islamic bank. The profit rate was from 2.5% to 4.5% (31 December 2021: 2.5%) per annum.
- KD 1,556,637 (31 December 2021: KD 2,556,637) of a Kuwaiti Dinar term loan obtained from a local commercial bank repayable in eleven quarterly installments of KD 250,000 each commencing from December 2021. The interest rate was from 2.5% to 4.5% (31 December 2021: 2.5%) per annum.

- KD 2,795,546 (31 December 2021: Nil) of a long-term Kuwaiti Dinar denominated murabaha facility secured from a local Islamic bank. The profit rate was 3% to 5% (31 December 2021: Nil) per annum.

- KD 366,121 (31 December 2021: Nil) of a short-term Kuwaiti Dinar denominated murabaha facility secured from a local Islamic bank. The interest rate was 3.25% to 4.5% (31 December 2021: Nil) per annum.

- KD 112,870 (31 December 2021: Nil) of a Kuwaiti Dinar term loan obtained from a local Islamic bank repayable in sixteen quarterly installments of KD 7,054 each commencing from October 2022. The interest rate was 4.5% (31 December 2021: Nil) per annum.

The current and non-current amounts are as follows:

	Kuwaiti Dinars	
	2022	**2021**
Current liabilities	2,880,987	2,393,373
Non-current liabilities	2,735,848	1,556,637
	5,616,835	3,950,010

12. Lease liabilities

	Kuwaiti Dinars	
	2022	**2021**
Balance at 1 January	2,243,447	2,780,389
Additions	1,413,758	176,487
Terminations	-	(117,680)
Finance costs	106,801	95,734
Payments	(626,313)	(640,436)
Rent concession	(37,201)	(51,047)
Balance at 31 December	3,100,492	2,243,447

The above is segregated as:

	Kuwaiti Dinars	
	2022	**2021**
Current	367,437	409,266
Non-current	2,733,055	1,834,181
	3,100,492	2,243,447

The Group does not have any lease contracts that contains variable lease payments not included in the measurement of lease liabilities.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

The carrying amounts of the Group's lease liabilities is denominated in Kuwaiti Dinars.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 4% (31 December 2021: 4%).

13. Share capital and reserves

Share capital

The authorised, issued and paid-up-capital comprises of 113,007,890 shares of 100 fils each (31 December 2021: 113,007,890 shares of 100 fils each) contributed in cash.

Treasury shares

These shares were acquired based on an authorization granted to the Board of Directors by the shareholders and in accordance with Ministerial Decrees No. 10 of 1987 and No. 11 of 1988 and are carried at cost. Reserves equivalent to the cost of treasury shares held are not distributable.

	2022	2021
Number of shares	8,900,224	8,900,224
Percentage of issued shares	7.8%	7.8%

Legal reserve

In accordance with the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and the Company's Memorandum of Incorporation and Articles of Association, as amended, 10% of the profit for the year is to be transferred to legal reserve until the reserve totals 50% of the paid-up share capital. Distribution from legal reserve is limited to enable payment of dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the payment of dividends. Transfer to legal reserve is not taken in the current year as the reserve has reached 50% of the paid-up share capital.

During the previous year, the Board of Directors approved the transfer of KD 61,407 representing the excess balance over 50% of the paid-up share capital in the legal reserve to retained earnings in accordance with the Company's Law. This was approved by the shareholders at their annual general assembly meeting held on 28 July 2022.

General reserve

As required by the Company's Memorandum of Incorporation and Articles of Association, 10% of the profit for the year is to be transferred to the general reserve. Such annual transfers can be discontinued by a resolution of shareholders in the annual general assembly meeting upon recommendation by the board of directors once the reserve exceeds 50% of the paid-up share capital.

There are no restrictions on the distribution of this reserve. No transfer is required in a year in which the Company has incurred a loss or where accumulated losses exist after the net profit.

The Board of Directors previously resolved to discontinue transfer to general reserve.

Proposed dividend

For the year 2022, the Board of Directors have proposed a cash dividend of 17.5 fils per share amounting to KD 1,821,265 which is subject to the approval of shareholders at the forthcoming Annual General Assembly.

Interim dividend - 2022

The Company held an Extra Ordinary General Assembly meeting on 28 July 2022 and approved the payment of cash dividend of 14 fils per share amounting to KD 1,457,013 to the Company's shareholders existing as at that date.

Dividend - 2021

The Annual General Assembly of the Company, held on 14 March 2022, approved payment of cash dividend of 17 fils per share amounting to KD 1,769,229 to the Company's shareholders existing as at that date.

14. Operating revenues

	Kuwaiti Dinars	
	2022	**2021**
Point in time:		
Transportation revenue	8,764,723	7,419,859
Point over time:		
Transportation revenue	4,842,658	3,532,485
Advertising revenue	130,853	111,051
	4,973,511	3,643,536
Lease income		
Warehouse and terminal income	2,889,638	2,714,135
	16,627,872	13,777,530

15. Operating costs

	Kuwaiti Dinars	
	2022	**2021 (Restated)**
Staff costs	5,187,731	4,425,350
Short term leases	59,319	2,640
Fleet operation and maintenance	3,458,088	3,109,777
Depreciation	1,970,956	1,652,642
ROU amortization	583,484	642,199
Others	476,298	469,704
	11,735,876	10,302,312

16. General and administrative expenses

	Kuwaiti Dinars	
	2022	**2021**
Staff costs	1,309,759	1,057,051
Short term leases	2,640	2,940
Sales promotion & advertisement	86,523	24,645
Depreciation	121,010	125,494
Provision for expected credit loss	-	58,477
Profit on disposal of property and equipment	(35,476)	(12,749)
Others	702,105	611,775
	2,186,561	1,867,633

17. Zakat

Zakat represents the Group's liability to pay 1% of the net profit in accordance with Law No. 46 of 2006 and the Ministry of Finance resolutions.

18. Contribution to Kuwait Foundation for Advancement of Sciences

Contribution to Kuwait Foundation for Advancement of Sciences is calculated at 1% of the net profit for the year after deducting transfer to statutory reserve.

19. Discontinued operations

This represents the Group's investment in Q'go Travel and Tourism Company W.L.L. (Q'go Travel) and Q'go Travel and Tourism Agencies Company W.L.L. (Q'go Agencies), subsidiary companies of the group which has been classified as held for sale in 2020, on the basis that management was committed to a plan to sell it and the sale was expected to be completed within one year from the date of its classification.

The Board of Directors decision to dispose the Group's entire equity ownership in Q'go Travel and Q'go Agencies to related parties was approved by the shareholders at the extra-ordinary general assembly meeting held on 26 January 2021.

The details of gain on disposal is as follows:

	Kuwaiti Dinars
Consideration received	4,480,017
Net assets disposed off	(4,103,450)
Gain on disposal before contribution to Zakat	376,567
Related Zakat	(3,766)
Related KFAS	(3,766)
Profit for the year from discontinued operations	369,035

20. Related party transactions

In the normal course of business, the Group enters into transactions with related parties. Related parties represent major shareholders, directors and key management personnel of the Group, and other related parties such as companies in which major shareholders, directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions and balances are as follows:

	Kuwaiti Dinars	
	2022	**2021**
Transactions		
Operating revenues	330,461	135,489
Operating costs	196,442	136,625
General and administrative expenses	155,532	40,230
Compensation of key management personnel of the Group:		
Employee benefits – short term and long term	174,381	141,472

21. Commitments and contingent liabilities

	Kuwaiti Dinars	
	2022	**2021**
Letters of guarantee	150,932	130,000
Letter of credit	-	2,803,948
Capital commitments	199,165	67,359
	350,097	3,001,307

22. Financial instruments - risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, trade and other receivables and due from related parties.

The carrying amount of financial assets as at 31 December which represents the maximum credit exposure to the Group are as follows:

	Kuwaiti Dinars	
	2022	**2021**
Bank balances	3,845,771	4,103,913
Trade receivables	318,651	269,964
Other receivables	629,397	265,703
Due from related parties	421,592	601,777
	5,215,411	5,241,357

Credit risk with respect to receivables is limited due to dispersion across large number of customers. Concentration of credit risk with respect to trade receivables is limited due to Group's customer base being large and unrelated. The Group establishes an allowance for impairment that represents its estimate of unrealised losses in respect of receivables. All bank balances are assessed to have a low credit risk at the reporting date as they are held with reputable international banking institutions. The Group manages credit risk with respect to receivables, other receivables in the nature of financial assets and due from related parties by periodic evaluation of their credit worthiness and continuously monitoring the past due outstanding amounts.

The ageing analysis of trade receivables and related provision for expected credit loss at the reporting date was:

	Kuwaiti Dinars			
	2022		2021	
Aging brackets of trade receivables	Estimated total gross carrying amount at default	Lifetime ECL	Estimated total gross carrying amount at default	Lifetime ECL
Not due/< 30 days	225,434	17,780	181,089	8,572
31 – 60 days	74,181	21,277	7,240	3,282
61 – 90 days	5,624	3,604	7,004	6,143
91 – 180 days	6,999	4,914	5,777	4,413
> 181 days	1,106,023	1,052,035	1,168,814	1,077,550
	1,418,261	1,099,610	1,369,924	1,099,960

The movement in the provision for expected credit loss in respect of trade receivable during the year was as follows:

	Kuwaiti Dinars	
	2022	2021
Balance at 1 January	1,099,960	1,099,960
Charge during the year	-	4,159
Write off during the year	(350)	(4,159)
Balance at 31 December	1,099,610	1,099,960

The movement in the provision for expected credit loss in respect of other receivables during the year was as follows:

	Kuwaiti Dinars	
	2022	2021
Balance at 1 January	285,134	285,134
Charge during the year	-	54,318
Write off during the year	-	(54,318)
Balance at 31 December	285,134	285,134

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The Group manages liquidity risk by monitoring on a regular basis that sufficient funds are available to meet maturing commitments and by maintaining availability of funding under committed credit lines. The Group measures liquidity risk analysis by projecting the availability of future cash flows using historical and other related data.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Kuwaiti Dinars			
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 31 December 2022				
Trade and other payables	2,396,535	-	-	-
Due to related parties	191,120	-	-	-
Borrowings	2,808,305	1,487,684	1,709,459	-
Lease liabilities	479,626	431,400	1,122,600	2,040,000
	5,875,586	1,919,084	2,832,059	2,040,000
At 31 December 2021				
Trade and other payables	2,059,219	-	-	-
Due to related parties	177,843	-	-	-
Borrowings	2,478,991	1,029,413	562,336	-
Lease liabilities	491,971	169,443	360,000	2,160,000
	5,208,024	1,198,856	922,336	2,160,000

(c) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

i. Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign currency rates. Currency risk arises from future commercial transactions, recognised assets and liabilities denominated in foreign currencies.

The Group is primarily exposed to foreign currency risk as a result of foreign exchange gains/losses on translation of foreign currency denominated assets and liabilities such as cash and bank balances, trade and other receivables and trade and other payables. The impact on the post-tax consolidated profit/loss arising from a 10% weakening/strengthening of the functional currency against the major currencies to which the Group is exposed is given below:

	Kuwaiti Dinars			
	2022		**2021**	
	Net exposure	**Impact of 10%**	**Net exposure**	**Impact of 10%**
US Dollar	(101,397)	(10,140)	55,068	5,507
GBP	992	99	1,097	110
EUR	(1,583)	(158)	2,774	277
AED	(137)	(14)	(1,139)	(114)
	(102,125)	(10,213)	57,800	5,780

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Group's interest bearing assets are deposits with banks mostly at fixed rates over the contractual term, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from deposits and bank borrowings.

The Group manages interest rate risk by preparing various scenarios for change in interest rates and considering its impact on the Group's profit/loss. The Group monitors these changes on an ongoing basis to ensure that outstanding positions are maintained within the established limits.

If interest rates had been 50 basis points higher with all other variables held constant, the profit/(loss) for the year would have been lower/higher by KD 31,330 (2021: KD 1,386). Alternatively, a 50 basis points decrease in interest rates, would have had the equal but the opposite effect on the profit/loss.

iii. Equity price risk

Equity price risk is risk that the fair value of equities decreases as a result of changes in the equity indices and value of individual stocks. The Group does not have any equity investments and therefore is not exposed to equity price risk.

23. Operating lease arrangements

Group as a lessor

Operating leases, in which the Group is the lessor, relates to spaces leased at the warehouse, shops, offices and terminal. These contracts do not contain any market review clauses in the event that the lessee exercise its option to renew. The lessee does not have an option to purchase at the expiry of the lease period.

Maturity analysis of operating lease receivable.

	Kuwaiti Dinars	
	2022	**2021**
Not later than 1 year	987,075	975,150

24. Capital risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

In order to determine or adjust the capital structure, the Group monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts less cash and cash equivalents. Total capital is equal to equity as shown in the consolidated statement of financial position plus net debt.

The gearing ratio at the reporting date is as follows:

	Kuwaiti Dinars	
	2022	**2021 (Restated)**
Total debts	8,717,327	6,193,457
Cash and cash equivalents	(3,950,323)	(4,173,741)
Net debt	4,767,004	2,019,716
Total equity	14,193,883	14,843,697
Total capital	18,960,887	16,863,413
Gearing ratio	25.14%	11.98%

There were no changes in the Group's approach to capital management during the year.

25. Fair value of financial instruments

The fair values of financial instruments carried at amortized cost less impairment if any, are not significantly different from their carrying values. This is based on unobservable inputs Level 3, with the discount rate that reflects the credit risks of counter parties, being the most significant input.

26. Significant accounting judgments and estimates

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

Judgments

Contingent liabilities/liabilities

Contingent liabilities are potential liabilities that arise 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 Group. 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 potential liabilities is based on management's judgment.

Impairment

At each consolidated statement of financial position date, the Group's management assesses, whether there is any indication that property and equipment, right of use of assets or goodwill may be impaired. The Group reviews items classified as financial assets periodically to assess whether a provision for impairment should be recorded in the consolidated statement of profit or loss. 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.

Sources of estimation uncertainty

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Tangible and intangible assets

The Group estimates useful lives and residual values of tangible assets and intangible assets with definite useful lives. Changes in technology or intended period of use of these assets as well as changes in business prospects or economic industry factors may cause the estimate useful of life of these assets to change.

Impairment of non-financial assets

The Group annually tests non-financial assets for impairment to determine their recoverable amounts based on value-in-use calculations or at fair value less costs to sell. The value in use includes estimates on growth rates of future cash flows, number of years used in the cash flow model and the discount rates. The fair value less cost to sell estimate is based on recent/intended market transactions and the related EBITDA multiples used in such transactions.

Any change in the estimates and assumptions used as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying values of the above assets.

27. Comparative information

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 1 Preparation of Financial Statements, the comparative information has been restated to give effect to the following.

Restatement due to identification of error on the assessment of the residual value of the right of use for a leasehold land

During the current year, the management identified that the residual value of a leasehold land was considered as Nil compared to its residual value of KD 5,600,000 which existed at the time of initial recognition of the right of use asset in 2019. This resulted in overstatement of the depreciable amount by this amount and excess depreciation over these periods.

Accordingly, this has now been corrected and the Group has restated the comparatives in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

A summary of the impact of the above matters is as follows:

As at 1 January 2021

Consolidated statement of financial position

	Kuwaiti Dinars		
	As previously stated	**Effect of restatement**	**As restated**
Assets			
Right of use assets	7,806,592	478,979	8,285,571
Total assets	30,767,102	478,979	31,246,081
Liabilities			
Trade and other payables	1,829,607	2,652	1,832,259
Total liabilities	13,754,511	2,652	13,757,163
Equity			
Retained earnings	-	476,327	476,327
Total equity	17,012,591	476,327	17,488,918

As at 31 December 2021

Consolidated statement of financial position

	Kuwaiti Dinars		
	As previously stated	**Effect of restatement**	**As restated**
Assets			
Right of use assets	7,032,958	692,208	7,725,166
Total assets	24,264,987	692,208	24,957,195
Liabilities			
Trade and other payables	2,052,303	6,916	2,059,219
Total liabilities	10,106,582	6,916	10,113,498
Equity			
Retained earnings	1,835,338	685,292	2,520,630
Total equity	14,158,405	685,292	14,843,697

For the year ended 31 December 2021

Consolidated statement of profit or loss and other comprehensive income

	Kuwaiti Dinars		
	As previously stated	**Effect of restatement**	**As restated**
Operating costs	(10,515,541)	213,229	(10,302,312)
Gross profit	3,261,989	213,229	3,475,218
Profit for the year before taxes	1,432,268	213,229	1,645,497
Zakat	(13,050)	(2,132)	(15,182)
Kuwait Foundation for the Advancement of	(14,322)	(2,132)	(16,454)
Profit for the year from continuing operations	1,404,896	208,965	1,613,861
Total profit for the year	1,773,931	208,965	1,982,896
Total comprehensive income for the year	1,773,931	208,965	1,982,896

As at 31 December 2021

Consolidated statement of cash flows

	Kuwaiti Dinars		
	As previously stated	**Effect of restatement**	**As restated**
Net profit for the year	1,773,931	208,965	1,982,896
Depreciation and amortization	2,633,564	(213,229)	2,420,335
Operating cash flows before movements in working capital	4,459,176	(4,264)	4,454,912
Increase in trade and other payables	161,018	4,264	165,282
Cash generated from operations	4,809,909	-	4,809,909