

**Jassim Transport & Stevedoring Company K.S.C.P.  
and its Subsidiaries (Formerly known as Jassim Transport &  
Stevedoring Company K.S.C. (Closed))**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2022**



## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C.P. AND ITS SUBSIDIARIES (FORMERLY KNOWN AS JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C. (CLOSED))**

### **Report on the Audit of Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Jassim Transport & Stevedoring Company K.S.C.P. (Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed)) (the “Parent Company”) and its subsidiaries (collectively “the Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, the consolidated statement of 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.

#### ***Key Audit Matters***

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

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C.P. AND ITS SUBSIDIARIES (FORMERLY KNOWN AS JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C. (CLOSED)) (continued)**

**Report on the Audit of Consolidated Financial Statements (continued)**

**Key Audit Matters (continued)**

***Allowance for expected credit losses on trade receivables***

As at 31 December 2022, the Group has account receivables amounted to KD 4,919,242 representing 8% of total assets.

The Group applies a simplified approach in calculating ECL for receivables by establishing a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in which each debtors operate. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns.

Due to the significance of receivables and the subjectivity involved in arriving at the inputs used for the purpose of the ECL calculation, this was considered as a key audit matter.

Our audit procedures included, among others, the following:

- ▶ We assessed the reasonableness of the assumptions used in the ECL calculation by comparing them with historical data adjusted for current market conditions and forward-looking information;
- ▶ We performed substantive procedures to test, on a sample basis, the completeness and accuracy of the information included in the debtors' ageing report;
- ▶ Further, in order to evaluate the appropriateness of management judgements, we verified on a sample basis, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures; and
- ▶ We also considered the adequacy of the Group's disclosures relating to the ECL, management's assessment of the credit risk and their responses to such risks in Note 19 to the consolidated financial statements.

***Other information included in the Group's 2022 Annual Report***

Management is responsible for the other information. Other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C.P. AND ITS SUBSIDIARIES (FORMERLY KNOWN AS JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C. (CLOSED)) (continued)**

**Report on the Audit of Consolidated Financial Statements (continued)**

***Other information included in the Group's 2022 Annual Report (continued)***

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C.P. AND ITS SUBSIDIARIES (FORMERLY KNOWN AS JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C. (CLOSED)) (continued)**

**Report on the Audit of Consolidated Financial Statements (continued)**

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)***

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

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C.P. AND ITS SUBSIDIARIES (FORMERLY KNOWN AS JASSIM TRANSPORT & STEVEDORING COMPANY K.S.C. (CLOSED)) (continued)**

**Report on the Audit of Consolidated Financial Statements (continued)**

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)***

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

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

**Report on Other Legal and Regulatory Requirements**

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

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



---

WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

9 March 2022  
Kuwait

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2022

	Notes	2022 KD	2021 KD
Revenue from contract with customers	3	27,434,496	22,012,962
Operating expenses	4	(19,619,019)	(16,969,189)
<b>GROSS PROFIT</b>		<b>7,815,477</b>	<b>5,043,773</b>
Other income	5	228,040	334,597
Administrative expenses	6	(2,818,707)	(2,406,327)
Unrealised loss on fair valuation of assets held for sale	7	(296,648)	-
Allowance for expected credit losses	9	(32,790)	(306,458)
Finance costs		(260,442)	(177,504)
<b>PROFIT BEFORE TAX AND DIRECTORS' REMUNERATION</b>		<b>4,634,930</b>	<b>2,488,081</b>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(50,412)	(24,059)
National Labour Support Tax (NLST)		(126,824)	(10,100)
Zakat		(50,412)	(24,059)
Directors' remuneration		(26,000)	(22,000)
<b>PROFIT FOR THE YEAR</b>		<b>4,381,282</b>	<b>2,407,863</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (fils)</b>	18	<b>29</b>	<b>16</b>

The attached notes 1 to 22 form part of these consolidated financial statements.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 KD	2021 KD
<b>Profit for the year</b>		<b>4,381,282</b>	2,407,863
<b>Other comprehensive income:</b>			
<i>Items that are or may be subsequently reclassified to consolidated statement of income:</i>			
Exchange difference on translation		(1,290)	(415)
<i>Items that will not be subsequently reclassified to consolidated statement of income:</i>			
Revaluation of leasehold land	7	1,023,000	1,646,000
Unrealized loss on financial assets at fair value through other comprehensive income		(15,112)	(38,636)
<b>Other comprehensive income for the year</b>		<b>1,006,598</b>	1,606,949
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>5,387,880</b>	4,014,812

The attached notes 1 to 22 form part of these consolidated financial statements.





Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

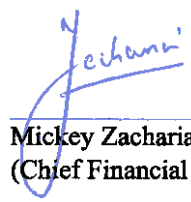
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 KD	2021 KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	44,810,821	43,626,046
Right-of-use assets	8	1,188,708	922,265
		<u>45,999,529</u>	<u>44,548,311</u>
<b>Current assets</b>			
Inventories		1,087,973	737,697
Financial assets at fair value through other comprehensive income		200,289	215,401
Account receivables and prepayments	9	8,443,183	7,190,675
Cash and cash equivalents	10	4,646,872	3,075,687
		<u>14,378,317</u>	<u>11,219,460</u>
Assets held for sale	7	465,536	-
		<u>14,843,853</u>	<u>11,219,460</u>
<b>TOTAL ASSETS</b>		<u><b>60,843,382</b></u>	<u><b>55,767,771</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	15,000,000	15,000,000
Statutory reserve	12	6,824,107	6,360,614
Revaluation surplus	12	11,512,850	10,489,850
Fair value reserve		93,609	108,721
Foreign currency translation reserve		(11,365)	(10,075)
Retained earnings		14,015,274	12,497,485
<b>Total equity</b>		<u><b>47,434,475</b></u>	<u><b>44,446,595</b></u>
<b>Non-current liabilities</b>			
Employees' end of service benefits	13	1,745,380	1,600,556
Loans and borrowings	14	4,115,149	4,629,542
Lease liabilities	8	540,158	486,664
		<u>6,400,687</u>	<u>6,716,762</u>
<b>Current liabilities</b>			
Loans and borrowings	14	514,393	514,393
Lease liabilities	8	673,908	457,712
Account payables and accruals	15	5,819,919	3,632,309
		<u>7,008,220</u>	<u>4,604,414</u>
<b>Total liabilities</b>		<u><b>13,408,907</b></u>	<u><b>11,321,176</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>60,843,382</b></u>	<u><b>55,767,771</b></u>

  
Sheikh Ali Fawaz D. S. Al Sabah  
(Chairman)

  
Adel Kohari  
(Chief Executive Officer)

  
Mickey Zacharia  
(Chief Financial Officer)

The attached notes 1 to 22 form part of these consolidated financial statements.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries (Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Revaluation surplus KD</i>	<i>Fair value Reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2022	15,000,000	6,360,614	10,489,850	108,721	(10,075)	12,497,485	44,446,595
Profit for the year	-	-	-	-	-	4,381,282	4,381,282
Other comprehensive income (loss) for the year	-	-	1,023,000	(15,112)	(1,290)	-	1,006,598
Total comprehensive income (loss) for the year	-	-	1,023,000	(15,112)	(1,290)	4,381,282	5,387,880
Transfer to reserve	-	463,493	-	-	-	(463,493)	-
Dividend paid (Note 12)	-	-	-	-	-	(2,400,000)	(2,400,000)
<b>At 31 December 2022</b>	<b>15,000,000</b>	<b>6,824,107</b>	<b>11,512,850</b>	<b>93,609</b>	<b>(11,365)</b>	<b>14,015,274</b>	<b>47,434,475</b>

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Revaluation surplus KD</i>	<i>Fair value Reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2021	15,000,000	6,111,806	8,843,850	147,357	(9,660)	13,338,430	43,431,783
Profit for the year	-	-	-	-	-	2,407,863	2,407,863
Other comprehensive income (loss) for the year	-	-	1,646,000	(38,636)	(415)	-	1,606,949
Total comprehensive income (loss) for the year	-	-	1,646,000	(38,636)	(415)	2,407,863	4,014,812
Transfer to reserve	-	248,808	-	-	-	(248,808)	-
Dividend paid (Note 12)	-	-	-	-	-	(3,000,000)	(3,000,000)
<b>At 31 December 2021</b>	<b>15,000,000</b>	<b>6,360,614</b>	<b>10,489,850</b>	<b>108,721</b>	<b>(10,075)</b>	<b>12,497,485</b>	<b>44,446,595</b>

The attached notes 1 to 22 form part of these consolidated financial statements.

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2022

	Notes	2022 KD	2021 KD
<b>OPERATING ACTIVITIES</b>			
Profit before tax and directors' remuneration		<b>4,634,930</b>	2,488,081
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Gain on disposal of property and equipment	5	<b>(12,826)</b>	(200,097)
Gain on termination of lease	5	<b>(547)</b>	(10,365)
Property and equipment written off during the year		-	(33)
Depreciation	7	<b>4,862,603</b>	4,394,008
Amortization on right-of-use assets	8	<b>676,153</b>	660,308
Provision for employees' end of service benefits	13	<b>326,738</b>	231,642
Allowance for expected credit losses	9	<b>32,790</b>	306,458
Interest income	5	<b>(39,549)</b>	(27,452)
Dividend income	5	<b>(14,050)</b>	(23,751)
Foreign exchange (gain) loss		<b>(98,214)</b>	22,104
Unrealised loss on fair valuation of assets held for sale	7	<b>296,648</b>	-
Finance costs		<b>213,118</b>	118,467
		<b>10,877,794</b>	7,959,370
Working capital changes:			
Inventories		<b>(350,276)</b>	(129,090)
Account receivables and prepayments		<b>(1,270,077)</b>	281,911
Account payables and accruals		<b>1,994,058</b>	(797,476)
Cash flows from operations		<b>11,251,499</b>	7,314,715
Government grant received		-	33,870
Employees' end of service benefits paid	13	<b>(180,884)</b>	(137,199)
Directors' remuneration paid		<b>(22,000)</b>	(22,000)
Taxes paid		<b>(67,704)</b>	(160,147)
Net cash flows from operating activities		<b>10,980,911</b>	7,029,239
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	7	<b>(5,954,589)</b>	(9,554,025)
Proceeds from disposal of property and equipment		<b>265,977</b>	284,635
Net movement in fixed deposits with original maturities more than three months	10	<b>250,000</b>	-
Interest income received	5	<b>39,549</b>	27,452
Dividend income received	5	<b>14,050</b>	23,751
Net cash flows used in investing activities		<b>(5,385,013)</b>	(9,218,187)
<b>FINANCING ACTIVITIES</b>			
Dividends paid	12	<b>(2,376,636)</b>	(3,000,000)
Loans and borrowings	14	-	5,143,935
Repayment of loans and borrowings	14	<b>(514,393)</b>	-
Finance costs paid	14	<b>(160,972)</b>	(89,292)
Finance costs paid on lease liabilities	8	<b>(52,146)</b>	(56,946)
Lease payments of principal amounts		<b>(672,716)</b>	(675,963)
Net cash flows (used in) from financing activities		<b>(3,776,863)</b>	1,321,734
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,819,035</b>	(867,214)
Effect of foreign currency translation		<b>2,150</b>	16,124
Cash and cash equivalents at 1 January		<b>2,575,687</b>	3,426,777
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	10	<b>4,396,872</b>	2,575,687
<b>Non-cash transactions</b>			
Additions to right-of-use assets	8	<b>(969,618)</b>	(806,566)
Additions to lease liabilities	8	<b>969,618</b>	806,566
Lease modification to right-of-use-asset	8	<b>16,054</b>	12,187
Lease modification to lease liabilities	8	<b>(16,054)</b>	(12,187)

The attached notes 1 to 22 form part of these consolidated financial statements.

# Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries (Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 1 CORPORATE INFORMATION

The consolidated financial statements of Jassim Transport & Stevedoring Company K.S.C.P. (Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed)) (the “Parent Company”) and its subsidiaries (collectively, the “Group”), for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 9 March 2023 and are subject to the approval of the shareholders of the Parent Company in the Annual General Meeting (“AGM”) and shareholders has the power to amend these consolidated financial statements at the AGM.

The registered head office of the Parent Company is at Mirqab, Area No 1, Building No 8, Saleh Sulaiman Al Jarah Real Estate Complex, Office 2, 5<sup>th</sup> floor, P.O. Box 22801, Safat 13089, Kuwait. The Parent Company is registered and incorporated in Kuwait on 25 May 1979. The shares of the Parent Company became listed on the Boursa Kuwait on 17 October 2021, therefore the name of the Parent Company was changed to Jassim Transport & Stevedoring Company K.S.C.P. The commercial register of the Parent Company was amended to reflect this change on 20 April 2022.

The Parent Company was a subsidiary of Qurain Petrochemical Industries Company K.S.C.P. On 27 October 2022, the shareholders of the Qurain Petrochemical Industries Company K.S.C.P., in an extraordinary general meeting, has approved the merger with Kuwait Projects Company Holding K.S.C.P. (the “Ultimate Parent Company”), a Company listed on Kuwait stock exchange. The transaction was completed on 23 November 2022.

The activities of the Parent Company as per the Articles of Association comprise of the following:

1. Carry out all road transport operations outside the State of Kuwait and in particular operations related to carrying passengers by any mean of land transportation.
2. Buy, sell, rent, hire and import all kinds of trucks, vehicles, equipment and machinery, light and heavy, and any necessary mean for stevedoring, land , sea materials transportation inside and outside Kuwait.
3. Develop any private road transport industry or related to it (after getting the approval of the Public Authority for Industry).
4. Clearance, shipping and stevedoring operations for imported and issued goods and packaging goods of all kinds.
5. Participate in the management, operation and maintenance and the establishment of maritime and land ports and container terminals related to this activity.
6. Practicing all e-commerce activities, according to the Group's activity.
7. Build and rent the necessary buildings for services and crafts related to stevedoring and land and maritime transport.
8. Shipping and services of all kinds of vessels and supply ships and ships agents for companies.
9. Provide all transportation and airport management services, which include ground support services for passengers, aircraft and aviation-related goods.
10. Owns moveable property and real estate to conduct its operations in the permissible limits according to the law.
11. Using the available funds of the Parent Company by investing them in financial portfolios managed by specialized authorities and companies.
12. Stevedoring services, loading and unloading ships and maritime transport.
13. Perform all road transport operations, transporting goods and various materials inside and outside the State of Kuwait. Especially, operations related to the transport of general cargo and bulk fuel, water and precious chemical materials by any mean of transportation.
14. Owns stocks and bonds for the Parent Company account only (Parent Company may have an interest or participate in any way with bodies engaged in similar activities or which may assist in achieving its objectives in Kuwait or abroad and it may arise or participates or buy these bodies or join them in their equity).The Parent Company may perform the aforementioned activities within or outside the State of Kuwait as a legal entity or as an agent.
15. Renting, leasing, setting up and managing warehouses in all its forms and supplying them with the necessary fixtures.
16. Storing goods in accordance with the presentation system under customs supervision inside or outside the customs areas.

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2022

**1 CORPORATE INFORMATION (continued)**

17. Metal-turning points, blacksmithing workshops, assembling engines, generators, electrical transformers, and electrical distribution and control devices after the approval of the Public Authority for Industry.
18. Selling and buying shares and bonds for the Company's account.

The Parent Company may perform other similar, complementary or connected activities to its main activities.

The consolidated financial statements for the year ended 31 December 2021 have been approved by the shareholders at the AGM on 31 March 2022.

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except leasehold land and financial assets at fair value through other comprehensive income, that has been measured at fair value.

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

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**New standards, interpretations, and amendments adopted by the Group**

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the consolidated financial information of the Group.

**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

**2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES  
(continued)**

**2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

**Amendments to IAS 1: *Classification of Liabilities as Current or Non-current***

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement;
- ▶ That a right to defer must exist at the end of the reporting period;
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact of the amendments will have on current practices.

**Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

Other new or amended standards which are issued but not yet effective, are not relevant to the Group and have no impact on the accounting policies, financials position or performance of the Group.

**2.4 BASIS OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- ▶ Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee, and
- ▶ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated statement of income. Any investment retained is recognised at fair value.

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.4 BASIS OF CONSOLIDATION (continued)**

The subsidiaries of the Group are as follows:

<i>Name of the company</i>	<i>Country of incorporation</i>	<i>Interest in equity %</i>		<i>Principal activities</i>
		<i>2022</i>	<i>2021</i>	
JTC Fuel Transport Company W.L.L. ("JTFC")	Kuwait	<b>100%</b>	100%	Carriage of goods
JTC Heavy and Light Equipment and Machinery Leasing Company W.L.L. ("JTCE")	Kuwait	<b>100%</b>	100%	Leasing vehicles and equipment rental
<i>Held through JTFC</i>				
Al Mushtari Public Transport, Equipment Leasing, Marine Services & Warehousing Company W.L.L.	Iraq	<b>100%</b>	100%	Public transport, equipment leasing, marine services and warehousing.
JTC Logistics Company L.L.C.	Kingdom of Saudi Arabia	<b>100%</b>	100%	Carriage of cargo and passengers, storage services and leasing of heavy and light equipments.
<i>Held through JTCE</i>				
Road Junction Transport and Equipment Company W.L.L.*	Qatar	<b>100%</b>	100%	Leasing of heavy and light equipment including cranes and forklifts and power generators.

\* The Parent Company has 51% beneficial ownership in Road Junction Transport and Equipment Company W.L.L. as of 31 December 2022 (31 December 2021: 51%). The Group based on advice from its legal counsel has assessed that it effectively owns 100% of the subsidiary.

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all of its revenue arrangements since it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

*Service revenue*

Service revenue primarily comprises of stevedoring, haulage, equipment leasing, inventory management, transportation and warehousing services. Service revenue are recognised over a period of time when the services are rendered to the customer.

The Group also recognises revenue from contracts of 'sale of services' or 'bundled sale of goods and services contracts that are viewed as a single performance obligation' over time using an output method in measuring progress, generally based on cost-to-cost measure of progress because it faithfully depicts the Group's performance towards complete satisfaction of the performance obligation.

The Group elected to apply the 'right to invoice' practical expedient for contracts that contain fixed amounts and rates for manpower and materials specified in a contract, when the Group determines that right to consideration from a customer corresponds directly with the value of the Group's performance completed to date.



Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue recognition (continued)**

*Interest income*

Interest income is recognised as interest accrues using the effective interest rate method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

**Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Dividend income**

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

**Taxes**

*Kuwait Foundation for the Advancement of Sciences (KFAS)*

The Group calculates the contribution to KFAS at 1% of profit for the year in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the transfer to statutory reserve and accumulated losses brought forward should be excluded from profit for the year when determining the contribution.

*National Labour Support Tax*

NLST is calculated at 2.5% of the profit for the year attributable to the Parent Company in accordance with Law No. 19 of 2000 and the Ministry of Finance resolutions No. 24 of 2006.

*Zakat*

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

*Taxation on overseas subsidiaries*

Taxation on overseas subsidiaries is provided in accordance with fiscal regulations applicable to each country of operation.

**Property and equipment**

Except for leasehold land which is measured at revalued amount, property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of income as incurred.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of assets after deduction of residual value as follows:

	<b>Useful life</b>
Motor vehicles and equipment	3 - 15 years
Improvements on leasehold land	10 years
Prefabricated buildings	5 - 20 years
Furniture and fixtures	3 - 5 years
Tools and machinery	5 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property and equipment (continued)**

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work in progress is stated at cost. Following completion, work in progress is transferred into the relevant class of property and equipment.

Leasehold land is measured at revalued amount. Valuation is performed at regular intervals of every year to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation changes are credited to the revaluation surplus in OCI, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated statement of income, in which case the increase is recognised in the consolidated statement of income. A revaluation deficit is recognised in the consolidated statement of income, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation surplus.

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

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

*i) Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- ▶ Land 3 years
- ▶ Buildings 3 years

The right-of-use assets are also subject to impairment.

*ii) Lease liabilities*

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Leases (continued)**

**Short-term leases and leases of low-value assets**

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

**Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**Inventories**

Inventories are valued at the lower of cost and net realisable value after making allowances for any slow moving obsolete or damaged items. Cost of inventories is based on weighted average principle, and includes expenditure incurred in bringing the inventories to their present location and condition such as purchase price, shipping costs and other incidental expenses.

Net realisable value is based on estimated selling price less any costs of completion and estimated costs necessary to make sale.

**Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by available fair value indicators. Impairment losses are recognised in the consolidated statement of income.

Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase in consolidated statement of other comprehensive income.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments**

**Financial assets**

***Initial recognition and measurement***

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets.

***Business model assessment***

The Group determines its business model at the level that best reflects how it manages financial assets to achieve its business objective. The Group's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- ▶ The stated policies and objectives for the portfolio and the operation of those policies in practice;
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- ▶ The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

***Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)***

The Group assesses the contractual terms of financial assets to identify whether they meet 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. 'Interest' is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers:

- ▶ Contingent events that would change the amount and timing of cash flows;
- ▶ Leverage features;
- ▶ Prepayment and extension terms;
- ▶ Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- ▶ Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cashflows that are unrelated to a basic lending arrangement do not give rise to contractual cashflows that are solely payment of principal and interest. In such cases, the financial asset is measured at fair value through profit or loss.

The Group has determined the classification and measurement of its financial assets as follows:

***Financial assets at amortised cost***

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

***Initial recognition and measurement (continued)***

***Financial assets at amortised cost (continued)***

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of income when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes account receivables and cash and cash equivalents.

***Financial assets at FVOCI***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

***Account receivables***

Account receivables are carried at undiscounted original invoiced amount less any expected credit losses.

***Cash and cash equivalents***

Cash and cash equivalents consists of cash and bank balances and fixed deposits and have maturity of 3 months or less. Cash and cash equivalents are carried at amortised cost using effective interest rate.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

***Account receivables***

Account receivables are stated at original amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

***Cash and cash equivalents***

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances and fixed deposits and have maturity of 3 months or less.

***Financial assets at FVOCI***

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the retained earnings as part of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the consolidated statement of income. Dividend income on equity investments at FVOCI are recognised in the consolidated statement of income unless they clearly represent a recovery of part of the cost of the investment in which case they are recognised in other comprehensive income. Equity investments at FVOCI are not subject to impairment assessment.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

***Derecognition***

A financial asset (or where applicable a part of a financial asset or a part of a Group of similar financial assets) is de-recognised either when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

***Impairment of financial assets***

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For account and other receivables, the Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the balances and the Group's economic environment.

The management considers a financial asset in default when the contractual payments are 365 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

**Financial liabilities**

***Initial recognition and measurement***

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

The Group's financial liabilities include loans and borrowings, account and other payables and lease liabilities.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

**Financial liabilities (continued)**

*Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- ▶ Financial liabilities at fair value through profit or loss
- ▶ Financial liabilities at amortised cost

Group has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Group.

***Financial liabilities at amortised cost***

*Loans and borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss as finance income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

*Account payables and accruals*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

***Derecognition***

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

**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.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair value measurement (continued)**

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the 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 has determined 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.

**Offsetting of financial instruments**

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis to realise the asset and settle the liabilities simultaneously.

**Assets held for sale**

Assets are classified as held for sale when their carrying value is to be recovered principally through sale as opposed to continuing use. The sale must be considered to be highly probable and to be enacted within 12 months. Assets classified as held for sale are carried at the lower of carrying value and fair value less costs to sell. Property and equipment are not depreciated once classified as held for sale.

**Employees' end of service benefits**

*Local*

The Group provides end of service benefits to all its local Kuwaiti and expat employees. The entitlement to these benefits is based upon the employees' final salary and length of service. The expected costs of these benefits are accrued over the period of employment. The Group's obligations are limited to these contributions which are expensed when due.

Further, with respect to its national employees, the Group also makes contributions to public institution for social security calculated as a percentage of the employees' salaries. The Group's obligation are limited to these contributions, which are expensed when due.



Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Employees' end of service benefits (continued)**

*International*

The Group provides end of service benefits to all its international employees. The entitlement to these benefits is based upon the employees' final salary and length of service. The expected costs of these benefits are accrued over the period of employment. The Group's obligations are limited to these contributions which are expensed when due.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Commitment and contingencies**

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

Capital commitment refers to the projected capital expenditure including, but not limited to, expenses such as property-related costs, equipment, production materials, and future business ventures the Group has contracted to incur on its property and equipment over a period of time. Capital commitments are not recognised in the consolidated statement of financial position and are disclosed in note 17.

**Foreign currencies**

The Group's consolidated financial statements are presented in KD, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or consolidated statement of income are also recognised in other comprehensive income or consolidated statement of income, respectively).

*Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into KD at the rate of exchange prevailing at the reporting date and their income statements are translated at the average rates of exchange for the year. The exchange differences arising on the translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Segment information**

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

**2.6 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

**Significant judgments**

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

***Going concern***

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

***Classification of financial assets***

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

***Determining the lease term of contracts with renewal and termination options – Group as lessee***

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

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.6 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS (continued)**

**Significant judgments (continued)**

***Operating lease commitments – Group as lessor***

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

**Estimates and assumptions**

***Allowance for expected credit losses***

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For Account receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

***Provision for slow moving and obsolete inventory items***

The Group makes a provision for slow moving and obsolete inventory items. Estimates of net realisable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year

***Useful lives, residual values and related depreciation charges of property and equipment***

The Group's management determines the estimated useful lives, residual values and related depreciation charges of its property and equipment. These estimates are determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where management believes the useful lives differ from previous estimates.

***Impairment of property and equipment and right-of-use assets***

Management assesses the impairment of property and equipment and right-of-use assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- ▶ significant decline in the market value beyond that which would be expected from the passage of time or normal use,
- ▶ significant changes in the technology and regulatory environments,
- ▶ evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

***Leases - Estimating the incremental borrowing rate***

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

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.6 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS (continued)**

**Estimates and assumptions (continued)**

***Revaluation of leasehold land***

The Group measures leasehold land at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value at the reporting date. Leasehold land was valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

**3 REVENUE FROM CONTRACT WITH CUSTOMERS**

Set out below is the disaggregation of the Group's revenue from contracts with customers based on type of services and equipments:

	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
Transportation	<b>4,162,868</b>	3,533,493
Stevedoring	<b>9,852,872</b>	7,385,139
Leasing equipment	<b>12,919,917</b>	10,464,623
Warehousing	<b>498,839</b>	629,707
	<b>27,434,496</b>	22,012,962
<b>Timing of revenue recognition</b>		
Services transferred over time	<b>27,434,496</b>	22,012,962
<b>Geographical markets</b>		
Kuwait	<b>25,148,260</b>	19,607,563
Qatar	<b>1,273,175</b>	1,538,268
Saudi	<b>1,013,061</b>	867,131
<b>Total revenue from contracts with customers</b>	<b>27,434,496</b>	22,012,962

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2022

**4 OPERATING EXPENSES**

	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>
Staff costs	<b>6,835,251</b>	6,082,338
Depreciation (Note 7)	<b>4,591,827</b>	4,149,605
Motor vehicle consumables and maintenance	<b>3,835,619</b>	3,261,072
Subcontract costs	<b>1,355,188</b>	662,010
Stevedoring incentive and commission	<b>1,143,599</b>	967,622
Amortization of right-of-use assets (Note 8)	<b>676,153</b>	660,308
Others	<b>1,181,382</b>	1,186,234
	<b>19,619,019</b>	16,969,189

Operating expenses includes inventories recognised as expenses amounting to KD 2,262,764 (2021: KD 1,831,328).

**5 OTHER INCOME**

	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>
Interest income	<b>39,549</b>	27,452
Gain on disposal of property and equipment	<b>12,826</b>	200,097
Gain on termination of leases (Note 8)	<b>547</b>	10,365
Foreign exchange gain	<b>98,214</b>	-
Dividend income	<b>14,050</b>	23,751
Others	<b>62,854</b>	72,932
	<b>228,040</b>	334,597

**6 ADMINISTRATIVE EXPENSES**

	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>
Staff costs	<b>1,462,673</b>	1,277,351
Communication, consultancy and repair and maintenance expenses	<b>380,340</b>	337,467
Depreciation (Note 7)	<b>270,776</b>	244,403
Others	<b>704,918</b>	547,106
	<b>2,818,707</b>	2,406,327

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries (Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

**7 PROPERTY AND EQUIPMENT**

	<i>Motor vehicles and Equipment KD</i>	<i>Leasehold land KD</i>	<i>Leasehold Land improvement KD</i>	<i>Prefabricated Buildings KD</i>	<i>Furniture and fixtures KD</i>	<i>Tools And machinery KD</i>	<i>Capital work-in- progress KD</i>	<i>Total KD</i>
Cost or revaluation:								
At 1 January 2022 ( <i>audited</i> )	73,794,656	11,221,000	1,291,626	1,333,070	1,141,865	183,999	622,823	89,589,039
Additions	4,221,818	-	4,900	1,452,046	75,772	16,004	184,049	5,954,589
Revaluation	-	1,023,000	-	-	-	-	-	1,023,000
Disposals	(2,337,155)	-	-	-	-	(4,255)	-	(2,341,410)
Transfers	391,388	-	-	194,034	-	-	(585,422)	-
Classified as assets held for sale	(5,911,496)	-	-	-	-	-	-	(5,911,496)
Foreign currency translation adjustment	195,242	-	-	525	577	59	-	196,403
<b>At 31 December 2022</b>	<b>70,354,453</b>	<b>12,244,000</b>	<b>1,296,526</b>	<b>2,979,675</b>	<b>1,218,214</b>	<b>195,807</b>	<b>221,450</b>	<b>88,510,125</b>
Depreciation:								
At 1 January 2022 ( <i>audited</i> )	42,922,185	-	835,622	1,072,684	984,960	147,542	-	45,962,993
Charge for the year	4,591,827	-	123,363	63,526	71,557	12,330	-	4,862,603
Disposals	(2,084,024)	-	-	-	-	(4,235)	-	(2,088,259)
Classified as assets held for sale	(5,147,862)	-	-	-	-	-	-	(5,147,862)
Foreign currency translation adjustment	108,938	-	-	360	478	53	-	109,829
<b>At 31 December 2022</b>	<b>40,391,064</b>	<b>-</b>	<b>958,985</b>	<b>1,136,570</b>	<b>1,056,995</b>	<b>155,690</b>	<b>-</b>	<b>43,699,304</b>
Net book value:								
<b>At 31 December 2022</b>	<b>29,963,389</b>	<b>12,244,000</b>	<b>337,541</b>	<b>1,843,105</b>	<b>161,219</b>	<b>40,117</b>	<b>221,450</b>	<b>44,810,821</b>

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries (Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

**7 PROPERTY AND EQUIPMENT (continued)**

	<i>Motor vehicles and Equipment KD</i>	<i>Leasehold land KD</i>	<i>Leasehold Land improvement KD</i>	<i>Prefabricated Buildings KD</i>	<i>Furniture and fixtures KD</i>	<i>Tools And machinery KD</i>	<i>Capital work-in- progress KD</i>	<i>Total KD</i>
Cost or revaluation:								
As at 1 January 2021	66,68,0531	9,575,000	1,236,155	1,250,764	1,094,164	167,043	90,171	80,093,828
Additions	8,757,076	-	55,471	78,618	62,320	20,596	607,781	9,581,862
Revaluation	-	1,646,000	-	-	-	-	-	1,646,000
Disposals	(1,680,755)	-	-	-	(14,955)	-	-	(1,695,710)
Write off	-	-	-	-	(414)	-	-	(414)
Transfers	74,287	-	-	-	842	-	(75,129)	-
Foreign currency translation adjustment	(36,483)	-	-	3,688	(92)	(3,640)	-	(36,527)
At 31 December 2021	73,794,656	11,221,000	1,291,626	1,333,070	1,141,865	183,999	622,823	89,589,039
Depreciation:								
At 1 January 2021 ( <i>audited</i> )	40,391,302	-	716,397	1,021,394	936,294	137,838	-	43,203,225
Charge for the year	4,149,605	-	119,225	47,710	64,124	13,344	-	4,394,008
Disposals	(1,596,184)	-	-	-	(14,988)	-	-	(1,611,172)
Write off	-	-	-	-	(381)	-	-	(381)
Foreign currency translation adjustment	(22,538)	-	-	3,580	(89)	(3,640)	-	(22,687)
At 31 December 2021	42,922,185	-	835,622	1,072,684	984,960	147,542	-	45,962,993
Net book value:								
At 31 December 2021	30,872,471	11,221,000	456,004	260,386	156,905	36,457	622,823	43,626,046

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2022

**7 PROPERTY AND EQUIPMENT (continued)**

Notwithstanding the contractual term of the leases, management considers that, the agreements of leasehold land are renewable indefinitely, at similar nominal rates of ground rent, and with no premium payable for renewal of the lease and, consequently, as is common practice in Kuwait, these leases have been accounted for as freehold land. The management does a revaluation of the leasehold land on cyclical basis at a regular interval of every year.

During the current year, the fair valuation was conducted by two independent appraisers with a recognised and relevant professional qualification and recent experience of the location and category of leasehold land being valued. The change in fair value was calculated based on the lower of the two values. Fair value of the leasehold land is arrived at by reference to industry acknowledged methods of valuations that depend on market data including recent sales value of comparable properties. The fair value was determined based on sales comparison method and is measured under the Level 2 fair value hierarchy. The revaluation gain amounting to KD 1,023,000 (2021: KD 1,646,000) was included in consolidated statement of other comprehensive income and credited directly to equity as revaluation surplus. The significant assumption used in the determination of fair value was the market price (per sqm). A decrease of 5% (2021: 5%) in the estimated market price (per sqm) will reduce the value by KD 612,200 (2021: KD 561,050).

The depreciation charge has been allocated in the consolidated statement of income as follows:

	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>
Operating expenses (Note 4)	<b>4,591,827</b>	4,149,605
Administrative expenses (Note 6)	<b>270,776</b>	244,403
	<b>4,862,603</b>	4,394,008

The amount of borrowing costs capitalised during the year ended 31 December 2022 is Nil (31 December 2021: KD 27,771).

During the year ended 31 December 2022, the management committed to a plan to sell 41 Motor vehicles and equipment with a carrying value of KD 763,634. Subsequent to year end the Group obtained an offer of KD 465,536, which is considered as the fair value of these assets. Accordingly, the management had recognised an unrealised loss of KD 296,648 in the consolidated statement of income for the year ended and foreign currency translation adjustment of KD 1,450. The sale of these Motor vehicles and equipment is highly probable and accordingly, have been classified as a disposal group held for sale and presented separately in the consolidated statement of financial position. Once classified as held-for-sale, the Motor vehicles and equipment are no longer depreciated and are measured at the lower of their carrying amount and fair value less costs to sell.

Capital work-in progress represents warehouse under construction.

**8 LEASES**

**Group as a lessee**

The Group has lease contracts for various items of property used in its operations. Leases of land and buildings generally have lease term of 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.



Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**8 LEASES (continued)**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	<i><b>Lands KD</b></i>	<i><b>Buildings KD</b></i>	<i><b>Total KD</b></i>
As at 1 January 2021	11,980	1,028,193	1,040,173
Additions to right-of-use assets	77,580	728,986	806,566
Amortization	(20,412)	(639,896)	(660,308)
Lease modifications to right-of-use assets	(8,536)	(3,651)	(12,187)
Derecognition of right-of-use assets	(12,112)	(239,942)	(252,054)
Foreign exchange difference	(75)	150	75
As at 31 December 2021	48,425	873,840	922,265
Additions to right-of-use assets	24,100	945,518	969,618
Amortization	(29,238)	(646,915)	(676,153)
Lease modifications to right-of-use assets	-	(16,054)	(16,054)
Derecognition of right-of-use assets	-	(13,835)	(13,835)
Foreign exchange difference	674	2,193	2,867
<b>As at 31 December 2022</b>	<b>43,961</b>	<b>1,144,747</b>	<b>1,188,708</b>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<i><b>2022 KD</b></i>	<i><b>2021 KD</b></i>
As at 1 January	<b>944,376</b>	1,086,731
Additions to leasehold liabilities	<b>969,618</b>	806,566
Interest on lease liabilities	<b>52,146</b>	56,946
Lease modifications of lease liabilities	<b>(16,054)</b>	(12,187)
Payments	<b>(724,862)</b>	(732,909)
Derecognition of lease liabilities	<b>(14,382)</b>	(262,419)
Foreign exchange difference	<b>3,224</b>	1,648
<b>Lease liabilities as at 31 December</b>	<b>1,214,066</b>	944,376
	<i><b>2022 KD</b></i>	<i><b>2021 KD</b></i>
Current	<b>673,908</b>	457,712
Non-current	<b>540,158</b>	486,664
	<b>1,214,066</b>	944,376

The weighted average incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position is 2.63% to 5% (2021: 2.63% to 5%). The maturity analysis of lease liabilities is disclosed in note 19.2.

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2022

**8 LEASES (continued)**

The following are the amounts recognised in consolidated statement of income:

	<b>2022</b> <b>KD</b>	<b>2021</b> <b>KD</b>
Amortization of right-of-use assets	<b>676,153</b>	660,308
Interest expense on lease liabilities	<b>52,146</b>	56,946
Gain on termination of leases (Note 5)	<b>(547)</b>	(10,365)
Total amount recognised in consolidated statement of income	<b>727,752</b>	706,889

**9 ACCOUNT RECEIVABLES AND PREPAYMENTS**

	<b>2022</b> <b>KD</b>	<b>2021</b> <b>KD</b>
Account receivables (gross)	<b>6,835,182</b>	6,023,887
Less: Provision for expected credit loss	<b>(1,981,163)</b>	(1,929,641)
Account receivables (net)	<b>4,854,019</b>	4,094,246
Accrued income (net)	<b>1,636,146</b>	1,155,940
Prepayments and deposits	<b>1,096,470</b>	999,044
Advance to suppliers	<b>609,061</b>	799,749
Amount due from related parties (Note 15)	<b>65,223</b>	-
Other receivables	<b>182,264</b>	141,696
	<b>8,443,183</b>	7,190,675

As at 31 December 2022, the Group's carrying amount of accrued income is net of an allowance for expected credit losses of KD 63,953 (2021: KD 70,387).

Movement in the provision for expected credit losses (ECL) on account receivables and accrued income were as follows:

	<b>2022</b> <b>KD</b>	<b>2021</b> <b>KD</b>
At 1 January	<b>2,000,028</b>	1,901,227
Allowance for expected credit losses	<b>32,790</b>	306,458
Write-off	-	(210,632)
Foreign exchange difference	<b>12,298</b>	2,975
	<b>2,045,116</b>	2,000,028

As at 31 December 2022 and 31 December 2021, remaining account receivables that are neither past due nor impaired are receivable within less than 30 days. Unimpaired receivables are expected, to be fully recoverable. The Group does not obtain collateral against receivables.

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2022

**10 CASH AND CASH EQUIVALENTS**

Cash and cash equivalent comprise of the following at 31 December:

	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
Bank balances and cash	<b>1,096,872</b>	1,025,687
Fixed deposits	<b>3,550,000</b>	2,050,000
	<hr/>	<hr/>
Cash and cash equivalents as per consolidated statement of financial position	<b>4,646,872</b>	3,075,687
Fixed deposits with original maturities more than three months	<b>(250,000)</b>	(500,000)
	<hr/>	<hr/>
Cash and cash equivalents as per consolidated statement of cash flows	<b>4,396,872</b>	2,575,687
	<hr/> <hr/>	<hr/> <hr/>

Fixed deposits yield an average effective interest rate (EIR) ranging between 1.23 % to 5.00 % (2021: 1 % to 2 %) per annum. Fixed deposits, amounting to KD 50,000 (2021: KD 50,000) are held as collateral securities against other credit facilities granted to the Group (Note 17).

**11 SHARE CAPITAL**

The Parent Company's authorised, issued and fully paid capital consists of 150,000,000 (2021: 150,000,000) shares of 100 fils (2021: 100 fils) each, which were fully paid in cash.

**12 RESERVES, SURPLUS AND DIVIDENDS**

*a) Statutory reserve*

In accordance with the Companies Law No. 1 of 2016, as amended and its Executive Regulations, as amended, and the Parent Company's Articles of Association, 10% of the profit for the year before KFAS, Zakat and NLST is transferred to statutory reserve until the reserve totals 50% of the paid up share capital, after which such transfers can be discontinued by a resolution of the shareholders in the Annual General Assembly meeting upon recommendation by the Board of Directors.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount. During the year, the Group has transferred 10% of the profit for the year before KFAS, Zakat NLST and directors' remuneration to statutory reserve.

*b) Revaluation surplus*

The asset revaluation surplus is used to record increases in the fair value of land and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

*c) Fair value reserve*

Fair value reserve represent the accumulated changes in fair values of financial assets at fair value through other comprehensive income.

*d) Dividends*

On 31 March 2022, the Annual General Assembly meeting of the Parent Company's shareholders was held and approved the cash dividend of 16 fils per share (2020: 20 fils per share) amounting to KD 2,400,000 (2020: KD 3,000,000) for the year ended 31 December 2021, which was paid following the approval date and 2020 proposed dividend were approved at the AGM held on 31 March 2021.

*Proposed dividends*

Subject to requisite consent of the relevant authorities and approval of the general assembly of the shareholders, the Board of Directors have recommended distribution of cash dividend of 18 fils per share amounting to KD 2,700,000 for the year ended 31 December 2022.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**13 EMPLOYEES' END OF SERVICE BENEFITS**

	<b>2022</b> <b>KD</b>	<b>2021</b> <b>KD</b>
At 1 January	<b>1,600,556</b>	1,506,358
Charge for the year	<b>326,738</b>	231,642
Paid during the year	<b>(180,884)</b>	(137,199)
Foreign exchange difference	<b>(1,030)</b>	(245)
	<u><b>1,745,380</b></u>	<u>1,600,556</u>

**14 LOANS AND BORROWINGS**

	<b>2022</b> <b>KD</b>	<b>2021</b> <b>KD</b>
Murabaha payables (denominated in Kuwaiti Dinars)	<b>4,629,542</b>	5,143,935

The terms of the loan agreements require the Group to meet certain financial covenants. There have been no breaches of the financial covenants of any interest-bearing loans during the current year.

The amounts payable under Murabaha agreements are repayable within 1 to 5 years. The amount due is settled on a deferred payment basis and carry a profit.

	<b>2022</b> <b>KD</b>	<b>2021</b> <b>KD</b>
Non-current	<b>4,115,149</b>	4,629,542
Current	<b>514,393</b>	514,393
	<u><b>4,629,542</b></u>	<u>5,143,935</u>

The movement of borrowings is as follows:

	<b>2022</b> <b>KD</b>	<b>2021</b> <b>KD</b>
At 1 January	<b>5,143,935</b>	-
Proceeds from borrowings	-	5,143,935
Interest cost (included in finance costs)	<b>160,972</b>	61,521
Interest cost included in property and equipment (Note 7)	-	27,771
Repayment of borrowings	<b>(675,365)</b>	(89,292)
<b>At 31 December</b>	<u><b>4,629,542</b></u>	<u>5,143,935</u>

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**15 ACCOUNT PAYABLES AND ACCRUALS**

	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
Account payables	<b>1,858,095</b>	1,241,869
Accruals and provisions	<b>3,506,083</b>	2,127,831
Advances from customers	<b>164,845</b>	158,690
Amount due to related parties (Note 16)	<b>264,873</b>	-
Dividend Payables	<b>23,364</b>	-
Other payables	<b>2,659</b>	103,919
	<b>5,819,919</b>	3,632,309

During the current year, the Parent Company received certain claim from Kuwait port authorities amounting to KD 184,110 (2021: KD 148,800), for usage of port land not assigned for Parent Company operations. The management of the Parent company had recognised a total provision of KD 697,517 (2021: KD 513,407) for this purpose.

**16 RELATED PARTY TRANSACTIONS**

Related parties represent shareholders, key management personnel of the Parent Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Transactions with related parties in the consolidated financial statement are as follows:

	<i>Entities under common control</i> <i>KD</i>	<i>Total</i> <i>2022</i> <i>KD</i>	<i>Total</i> <i>2021</i> <i>KD</i>
<b>Consolidated statement of income:</b>			
Revenue – haulage	<b>251,719</b>	<b>251,719</b>	435,853
Reimbursement of expenses	-	-	(113,457)
Other charges	<b>(411,129)</b>	<b>(411,129)</b>	(286,766)
<b>Consolidated statement of financial position:</b>			
Amount due from related parties (Note 9)	<b>65,223</b>	<b>65,223</b>	-
Amount due to related parties (Note 15)	<b>264,873</b>	<b>264,873</b>	-

Current accounts due from/ due to related parties are receivable/repayable on demand and do not carry interest.

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2022

**16 RELATED PARTY TRANSACTIONS (continued)**

**Compensation of key management personnel**

The remuneration of members of key management personnel of the Group during the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>
Salaries and other short term benefits	<b>342,625</b>	335,976
Directors' remuneration	<b>26,000</b>	22,000
Employees' end of service benefits	<b>22,352</b>	20,050
	<b>390,977</b>	378,026

**17 COMMITMENTS AND CONTINGENCIES**

The Group has following commitments and contingent liabilities:

	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>
<b>Commitments</b>		
Letters of credit	<b>1,762,860</b>	-
<b>Contingencies</b>		
Letters of guarantee	<b>2,481,650</b>	2,713,689

As at 31 December 2022, the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of pre-fabricated buildings of KD 394,764 (2021: KD 1,222,920).

Certain fixed deposits are held as collateral security against letter of guarantee issued (Note 10).

**18 BASIC AND DILUTED EARNINGS PER SHARE**

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. There is no impact from dilutive instruments outstanding, basic and diluted EPS are identical.

	<b>2022</b>	<b>2021</b>
Profit for the year (KD)	<b>4,381,282</b>	2,407,863
Weighted average number of shares outstanding during the year	<b>150,000,000</b>	150,000,000
<b>Basic and diluted earnings per share (fils)</b>	<b>29</b>	16

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this consolidated financial statement which would require the restatement of EPS.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES**

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group is exposed to credit risk, liquidity risk and exposure to market risk limited to interest rate risk, foreign currency risk and equity price risk. The Group's policy is to monitor those business risks through the Group's strategic planning process.

The Parent Company is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. The management of the Group reviews and agrees policies for managing each of these risks which are summarised below

**19.1 Credit risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial assets subject to credit risk consist principally of bank balances, fixed deposits and Account receivables, accrued income and other receivables.

The Group has policies and procedures in place to limit the amount of credit exposure to any counter party and to monitor the collection of receivables on an ongoing basis. The Group limits its credit risk with regard to bank balances and fixed deposits by only dealing with reputable banks. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is limited to the extent possible.

The Group's exposure to credit risk from bank balances, fixed deposits and account and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

***Balances with banks***

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Impairment on cash and short-term deposits has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures.

***Account and other receivables (excluding prepayments and advance to suppliers)***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Ongoing credit evaluation is performed on the financial condition of Account receivables.. The outstanding balance of other receivables are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, Account receivables are provided for if past due for more than one year and are not subject to enforcement activity. However, the impact of applying the expected credit risk model at the reporting date on accrued income was immaterial.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)**

**19.1 Credit risk (continued)**

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position, without taking account of any collateral and other credit enhancements:

	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>
Account receivables and prepayments (excluding prepayments and advance to suppliers)	<b>6,765,973</b>	5,414,023
Bank balances and fixed deposits (excluding cash)	<b>4,619,198</b>	3,047,414
	<b>11,385,171</b>	8,461,437

The table below provides information about the credit risk exposure on the Group's account receivables (gross) using a provision matrix:

<b>31 December 2022</b>	<b>Account receivables</b>		
	<b>Days past due</b>		<b>Total</b>
	<b>&lt; 360 days</b>	<b>&gt; 360 days</b>	
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Estimated total gross carrying amount at default	<b>5,092,555</b>	<b>1,742,627</b>	<b>6,835,182</b>
Estimated credit loss	<b>238,536</b>	<b>1,742,627</b>	<b>1,981,163</b>
Expected credit loss rate	<b>4.68%</b>	<b>100.00%</b>	<b>28.98%</b>

**Other receivables and Amounts due from related parties**

As at the reporting date, the majority of the Group's counterparty exposure has a low risk of default and does not include any past-due amounts. Accordingly, management identified impairment loss to be immaterial.

<b>31 December 2021</b>	<b>Account receivables</b>		
	<b>Days past due</b>		<b>Total</b>
	<b>&lt; 360 days</b>	<b>&gt; 360 days</b>	
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Estimated total gross carrying amount at default	4,424,693	1,599,194	6,023,887
Estimated credit loss	330,447	1,599,194	1,929,641
Expected credit loss rate	7.47%	100%	32.03%

**Risk concentration of maximum exposure to credit risk**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The Group's financial assets subject to credit risk, before taking into account any collateral held or credit enhancements, can be analysed by the following geographic regions:



Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)**

**19.1 Credit risk (continued)**

	2022 KD	2021 KD
<b>Geographic region:</b>		
Kuwait	10,284,722	7,223,066
GCC and other countries	1,100,449	1,238,371
	<u>11,385,171</u>	<u>8,461,437</u>

**19.2 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group manages liquidity risk by monitoring on a regular basis that sufficient funds are available to meet liabilities as they fall due.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations and management expectations:

	<i>On demand KD</i>	<i>Within 3 months KD</i>	<i>3 to 12 months KD</i>	<i>More than 12 Months KD</i>	<i>Total KD</i>
<b>2022</b>					
Loans and borrowings	-	-	692,139	4,614,754	5,306,893
Lease liabilities	-	186,083	522,551	554,133	1,262,767
Account payables and accruals*	264,873	1,860,095	3,530,106	-	5,655,074
	<u>264,873</u>	<u>2,046,178</u>	<u>4,744,796</u>	<u>5,168,887</u>	<u>12,224,734</u>
	<i>On demand KD</i>	<i>Within 3 months KD</i>	<i>3 to 12 months KD</i>	<i>More than 12 Months KD</i>	<i>Total KD</i>
<b>2021</b>					
Loans and borrowings	-	-	626,485	5,014,281	5,640,766
Lease liabilities	-	127,717	359,288	511,841	998,846
Account payables and accruals*	-	1,241,869	2,231,750	-	3,473,619
	<u>-</u>	<u>1,369,586</u>	<u>3,217,523</u>	<u>5,526,122</u>	<u>10,113,231</u>

\* Excluding advances from customers.

**19.3 Market risk**

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

Market risk is managed on the basis of continuous appraisal of market conditions and trends.

**19.3.1 Interest / profit rate risk**

Interest/profit rate risk arises from the possibility that changes in interest/profit rates will affect future profitability or the fair values of financial instruments. Interest/profit rate risk is managed by the treasury department of the Group. The Group is exposed to interest/profit rate risk as a result of mismatches of interest/profit rate repricing of assets and liabilities. It is the Group's profit policy to manage its interest/profit cost using a mix of fixed and variable rate debts. The Group is exposed to interest/profit rate risk on its term loans and payable under Islamic financing.

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)**

**19.3 Market risk (continued)**

**19.3.1 Interest / profit rate risk (continued)**

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest/profit rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2022. The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. A decrease in interest/profit rates will have an identical opposite effect.

<i>Currency</i>	<i>Change in basis points (+/-)</i>	<i>Effect on profit (+/-) KD</i>	
		<i>2022</i>	<i>2021</i>
Kuwaiti Dinars	100	<b>45,438</b>	50,582

**19.3.2 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements.

The effect on consolidated statement of income (due to changes in fair value of monetary assets and liabilities) as a result of change in the currency rate, with all other variables held consistent is shown below:

	<i>Foreign currency denominated balances</i>		<i>Change in currency rate by 5% effect on profit for the year</i>	
	<i>2022 KD</i>	<i>2021 KD</i>	<i>2022 KD</i>	<i>2021 KD</i>
US Dollar	<b>236,396</b>	283,047	<b>±11,820</b>	± 14,152
Euro	<b>2,997</b>	-	<b>±150</b>	-
AED	<b>645,962</b>	-	<b>±32,298</b>	-

**19.3.3 Equity price risk**

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. The effect of equity price risk on other comprehensive income as a result of a change in the fair value of equity instruments at FVOCI, at the reporting date due to an assumed 5% change in market indices with all other variable held constant, is as follows:

	<i>% change in equity Price</i>	<i>Effect on other comprehensive income</i>	
		<i>2022 KD</i>	<i>2021 KD</i>
Price of equity shares	+5%	<b>3,155</b>	3,393

**20 CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximize the shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment or return capital to shareholders or issue new shares.

**Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries**  
**(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2022

**20 CAPITAL MANAGEMENT (continued)**

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The Group includes within net debt, loans and borrowings less bank balance and cash. Total equity comprises of share capital, revaluation surplus, foreign currency translation reserve, fair value reserve and retained earnings. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

	<b>2022</b> <b>KD</b>	<b>2021</b> <b>KD</b>
Loans and borrowings	<b>4,629,542</b>	5,143,935
Less: cash and cash equivalents	<b>(4,646,872)</b>	(3,075,687)
Net debt	<b>(17,330)</b>	2,068,248
Total capital	<b>40,610,368</b>	38,085,981
Capital and net debt	<b>40,593,038</b>	40,154,229
Gearing ratio	<b>Nil</b>	5.15%

The Parent Company manages the capital needs of its subsidiaries to ensure that their capital is adequate to support the business and financial exposure.

**21 FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

The following table shows an analysis of the assets measured at fair value by level of the fair value hierarchy:

	<b>Fair value measurement using</b>		
	<b>Quoted prices in active markets (Level 1) KD</b>	<b>Significant observable inputs (Level 2) KD</b>	<b>Total KD</b>
<b>31 December 2022</b>			
Assets measured at fair value:			
Assets held for sale	-	<b>465,536</b>	<b>465,536</b>
<b>Investment securities:</b>			
Financial assets measured at fair value through other comprehensive income	<b>200,289</b>	-	<b>200,289</b>

Jassim Transport & Stevedoring Company K.S.C.P. and its Subsidiaries  
(Formerly known as Jassim Transport & Stevedoring Company K.S.C. (Closed))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2022

**21 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

31 December 2021

Assets measured at fair value:

*Investment securities:*

Financial assets measured at fair value through other comprehensive income

215,401	-	215,401
---------	---	---------

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The Group has irrevocably designated the quoted equity securities as financial assets measured at fair value through other comprehensive income as these are not held for trading.

The fair values of financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair value.

**22 SEGMENT INFORMATION**

Management has determined the operating segments based on the information reviewed by the board of directors represented by the chief operating decision maker for the purpose of allocating resources and assessing performance. The chief operating decision maker organises the entity based on different geographical areas, inside and outside Kuwait. The following table presents the geographical analysis of the Group's assets, liabilities, revenue, expenses, and profit for the year ended 31 December 2022 and 31 December 2021.

**Geographical information**

In presenting the geographic information, segment revenue, results and assets have been based on the geographic location from which income is derived and segment assets were based on the geographic location of the assets.

	2022 KD	2021 KD
<b>Revenue</b>		
Kuwait	25,148,260	19,607,563
Rest of GCC	2,286,236	2,405,399
	<u>27,434,496</u>	<u>22,012,962</u>
<b>Results –profit (loss) for the year</b>		
Kuwait	4,650,932	2,534,335
Rest of GCC	(269,650)	(126,472)
	<u>4,381,282</u>	<u>2,407,863</u>
	2022 KD	2021 KD
<b>Segment assets</b>		
Kuwait	51,222,797	46,112,971
Rest of GCC	9,620,585	9,654,800
	<u>60,843,382</u>	<u>55,767,771</u>
<b>Segment liabilities</b>		
Kuwait	12,678,407	10,770,443
Rest of GCC	730,500	550,733
	<u>13,408,907</u>	<u>11,321,176</u>

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over.

We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

The MENA practice of EY has been operating in the region since 1923. For more than 90 years, we have grown to more than 6,000 people united across 20 offices and 15 countries, sharing the same values and an unwavering commitment to quality. As an organization, we continue to develop outstanding leaders who deliver exceptional services to our clients and who contribute to our communities. We are proud of our accomplishments over the years, reaffirming our position as the largest and most established professional services organization in the region.

© 2017 EYGM Limited.  
All Rights Reserved.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

[ey.com/mena](http://ey.com/mena)