Grant Thornton
Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report

Gulf Investment House – KPSC and Subsidiaries

Kuwait

31 December 2023

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Independent auditor's report

To the Shareholders of
Gulf Investment House – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gulf Investment House - Kuwaiti Public Shareholding Company (the "Parent Company") and Subsidiaries, (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2023, 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our 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. We have determined the matters described below as the key audit matters.

Valuation of investments held at fair value

The Group invests in various asset classes, of which 26% of the total assets represent investments which are carried at fair value and classified either as investments at fair value through profit or loss or as fair value through other comprehensive income. The investments are fair valued on a basis considered most appropriate by the management, depending on the nature of the investment, and the valuation is performed by the Group using a fair value hierarchy as detailed in Note 20.2. 38% of these investments are carried at fair value based on level 1 and level 2 valuations, and the balance 62% of these investments are carried at fair value based on level 3 valuations. Fair value measurement can be a subjective area and more so for the investments classified under level 3 since these are valued using inputs other than quoted prices in an active market. Given the inherent subjectivity in valuation of investments classified under level 3 we determined this to be a key audit matter. Refer to Note 10 and 11 for more information on fair valuation of investments at fair value through statement of profit or loss and investments at fair value through other comprehensive income respectively.

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Independent auditor's report to the Shareholders of Gulf Investment House – KPSC (continued)

Valuation of investments held at fair value (continued)

Our audit procedures included, among others, documenting and assessing the processes in place to fair value the investment portfolio, agreeing the carrying value of the investments to the Group's internal valuations prepared using valuation techniques, assessing and challenging the appropriateness of estimates, assumptions and valuation methodology and obtaining supporting documentation and explanations to corroborate the valuations.

Investments in associates

The Group's investments in associates represent 38% of the total assets and are accounted for under the equity method of accounting and considered for impairment in case of indication of impairment. The investment in associates is significant to our audit due to the Group's share of results in the associates and the carrying value of these associates. In addition, significant management judgment and number of assumptions are required in the assessment of impairment, including the determination of the recoverable value in case there are indicators of impairment. Accordingly, we considered this as a key audit matter. Note 13 for more information on investment in associates.

Our audit procedures included, among others, evaluating management's consideration of the impairment indicators of investment in associates. In evaluating such consideration, we assessed whether any significant or prolonged decline in value exists, whether there are any significant adverse changes in the technological, market, economic or legal environment in which the associate operates, or structural changes in the field of industry in which the investee company operates, or changes in the political or legal environment effecting the investees business, and also whether there are any changes in the investees financial condition. For associates where there were impairment indicators, we also reviewed management's assessment of the recoverable value of the investment and assessed and challenged the appropriateness of estimates, assumptions and valuation methodology used.

Other information included in the Group's 2023 annual report

Management is responsible for the other information. Other information consists of the information included in the Annual Report of the Group for the year ended 31 December 2023 other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report and we expect to obtain the remaining sections of the Group's Annual Report for the year ended 31 December 2023 after the date of our auditors' report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of 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.

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Independent auditor's report to the Shareholders of Gulf Investment House – KPSC (continued)

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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Independent auditor's report to the Shareholders of Gulf Investment House – KPSC (continued)

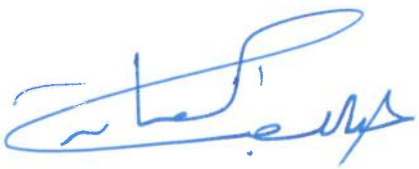
Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements
Furthermore, in our opinion, proper books of account have been kept by the 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 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit, we have not become aware of any 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 2023 that might have had a material effect on the business or financial position of the Parent Company.



Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
20 March 2024

Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Income			
Sale of Goods		**8,140,302**	8,598,521
Cost of sales		**(5,450,587)**	(6,429,612)
Gross profit		**2,689,715**	2,168,909
Unrealised gain on financial assets at fair value through profit or loss		**433,705**	17,794
Realised gain/(loss) on financial assets at fair value through profit or loss		**1,073,608**	(329,236)
Share of results of associates	13	**2,400,487**	442,375
Gain on bargain purchase of an associate	13	**1,007,812**	1,355,484
Realised gain on disposal of investments in associates		**-**	99,993
Impairment of investment in associates	13	**(1,957,256)**	(392,224)
Change in fair value of investment properties	14	**(49,035)**	(6,178)
Dividend Income		**460,357**	363,183
Profit from saving deposits		**106,370**	75,686
Other income		**82,851**	125,957
Total income		**6,248,614**	3,921,743
Expenses and other charges			
Staff costs		**(1,204,303)**	(852,500)
General administrative and other expenses		**(1,322,082)**	(730,085)
Selling and distribution expenses		**(715,526)**	(872,381)
Impairment in value of accounts receivable and other assets		**(5,767)**	(5,140)
Foreign exchange gain/(loss)		**1,877**	(103,759)
		(3,245,801)	(2,563,865)
Profit before contribution to Kuwait Foundation for the Advancement of Science ("KFAS"), provision for National Labour Support Tax ("NLST") and Zakat		**3,002,813**	1,357,878
Contribution to KFAS		**(30,389)**	(21,421)
Provision for NLST		**(45,704)**	(25,350)
Provision for Zakat		**(23,936)**	(22,311)
Profit for the year		**2,902,784**	1,288,796
Attributable to:			
Owners of the Parent Company		**2,498,179**	794,666
Non-controlling interests		**404,605**	494,130
		2,902,784	1,288,796
Basic and diluted earnings per share attributable the owners of the Parent Company (fils)	8	**6.16**	1.95

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Profit for the year	**2,902,784**	1,288,796
Other comprehensive income/(loss):		
Items to be reclassified to profit or loss in subsequent years:		
Exchange differences arising on translation of foreign operations	**2,988**	164,678
Transfer to consolidated statement of profit or loss on de-recognition/disposal of an associate	**-**	(177,343)
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**2,988**	(12,665)
Items not to be reclassified to profit or loss in subsequent periods:		
Net changes in fair value of investments in equity instruments designated at FVOCI	**(212,226)**	(297,416)
Share of other comprehensive income of associates	**336,490**	-
Total other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	**124,264**	(297,416)
Total other comprehensive income/(loss) for the year	**127,252**	(310,081)
Total comprehensive income for the year	**3,030,036**	978,715
Total comprehensive income attributable to:		
Owners of the Parent Company	**2,826,140**	440,479
Non-controlling interests	**203,896**	538,236
	3,030,036	978,715

The notes set out on pages 10 to 48 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Notes	31 Dec. 2023 KD	31 Dec. 2022 KD
Assets			
Cash and bank balances	9	**3,952,008**	6,897,574
Short-term deposits	9	**4,128,051**	2,265,000
Financial assets at fair value through profit or loss	10	**13,350,455**	17,268,772
Financial assets at fair value through other comprehensive income	11	**1,098,104**	901,403
Inventories		**925,872**	974,005
Accounts receivables and other assets	12	**3,808,254**	2,717,169
Investment in associates	13	**21,597,287**	17,819,575
Investment properties	14	**705,783**	753,509
Property and equipment		**3,307,372**	1,505,321
Right of use of assets		**2,734,186**	1,589,564
Intangible Assets		**591,473**	608,257
Goodwill		**356,017**	356,017
Total assets		**56,554,862**	53,656,166
Liabilities and equity			
Liabilities			
Accounts payable and other liabilities	15	**2,421,153**	2,181,742
Lease liabilities		**2,743,645**	1,564,806
Total liabilities		**5,164,798**	3,746,548
Equity			
Share capital	16	**40,649,566**	40,649,566
Treasury shares	17	**(1,237,521)**	-
Statutory reserve		**446,340**	186,519
Cumulative changes in fair value		**(228,847)**	(849,456)
Foreign currency translation reserve		**874,042**	333,855
Retained earnings		**3,944,872**	2,536,749
Equity attributable to the Owners of the Parent Company		**44,448,452**	42,857,233
Non-controlling interests		**6,941,612**	7,052,385
Total equity		**51,390,064**	49,909,618
Total liabilities and equity		**56,554,862**	53,656,166

Abdulaziz A. Alsanad
Chairman

Mohammad S. AlAyoub
Chief Executive Officer

The notes set out on pages 10 to 48 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share Capital KD	Treasury shares KD	Statutory reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings/ (accumulated losses) KD	Sub-Total KD	Non-controlling interests KD	Total equity KD
Balance as at 31 December 2022	**40,649,566**	**-**	**186,519**	**(849,456)**	**333,855**	**2,536,749**	**42,857,233**	**7,052,385**	**49,909,618**
Acquisition of additional shares in subsidiary	-	-	-	-	-	2,600	2,600	(6,761)	(4,161)
Purchase of treasury shares (note 17)	-	(1,237,521)	-	-	-	-	(1,237,521)	-	(1,237,521)
Dividend paid to non-controlling interest by the subsidiary	-	-	-	-	-	-	-	(307,908)	(307,908)
Transaction with owners	**-**	**(1,237,521)**	**-**	**-**	**-**	**2,600**	**(1,234,921)**	**(314,669)**	**(1,549,590)**
Profit for the year	-	-	-			2,498,179	2,498,179	404,605	2,902,784
Total other comprehensive (loss)/income for the year	-	-	-	(212,226)	540,187		327,961	(200,709)	127,252
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**(212,226)**	**540,187**	**2,498,179**	**2,826,140**	**203,896**	**3,030,036**
Transfer to statutory reserve	-	-	259,821	-	-	(259,821)	-	-	-
Transfer to retained earnings on derecognition of financial assets at FVTOCI	-	-	-	832,835	-	(832,835)	-	-	-
Balance as at 31 December 2023	**40,649,566**	**(1,237,521)**	**446,340**	**(228,847)**	**874,042**	**3,944,872**	**44,448,452**	**6,941,612**	**51,390,064**
Balance as at 31 December 2021	40,649,566	-	100,144	(562,754)	390,626	1,549,191	42,126,773	7,851,251	49,978,024
Acquisition of additional shares in subsidiary (note 7)	-	-	-	-	-	289,981	289,981	(1,337,102)	(1,047,121)
Transaction with owners	-	-	-	-	-	289,981	289,981	(1,337,102)	(1,047,121)
Profit for the year	-	-	-	-	-	794,666	794,666	494,130	1,288,796
Total other comprehensive (loss)/income for the year	-	-	-	(297,416)	(56,771)	-	(354,187)	44,106	(310,081)
Total comprehensive (loss)/income for the year	-	-	-	(297,416)	(56,771)	794,666	440,479	538,236	978,715
Transfer to statutory reserve	-	-	86,375	-	-	(86,375)	-	-	-
Transfer to retained earnings on derecognition	-	-	-	10,714	-	(10,714)	-	-	-
Balance as at 31 December 2022	40,649,566	-	186,519	(849,456)	333,855	2,536,749	42,857,233	7,052,385	49,909,618

The notes set out on pages 10 to 48 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
OPERATING ACTIVITIES			
Profit before contribution to KFAS and provision for NLST and Zakat		**3,002,813**	1,357,878
Adjustments:			
Depreciation and amortisation		**485,015**	225,218
Finance cost on lease liabilities		**54,492**	15,254
Share of results of associates	13	**(2,400,487)**	(442,375)
Gain on bargain purchase of an associate	13	**(1,007,812)**	(1,355,484)
Impairment of investment in associates	13	**1,957,256**	392,224
Realised gain on disposal of investments in associates		**-**	(99,993)
Change in fair value of investment properties		**49,035**	6,178
Dividend Income		**(460,357)**	(363,183)
Profit from saving deposits		**(106,370)**	(75,686)
Impairment in value of accounts receivable and other assets		**5,767**	-
Provision for employees end of service benefits		**102,564**	97,095
		1,681,916	(242,874)
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		**4,936,589**	(6,561,379)
Accounts receivables and other assets		**(1,152,221)**	66,054
Inventories		**48,134**	(467,704)
Accounts payable and other liabilities		**(875,574)**	12,246
Cash from/(used) in operations		**4,638,844**	(7,193,657)
Zakat Paid		**(9,993)**	(67,829)
NLST paid		**(24,984)**	(169,572)
Employee end of service benefits paid		**(14,586)**	(40,152)
Net cash from/(used in) operating activities		**4,589,281**	(7,471,210)
INVESTING ACTIVITIES			
Acquisition of property and equipment		**(2,068,454)**	(990,423)
Net cash outflow on acquisition of subsidiaries		**(6,692)**	(1,023,092)
Addition to investment in associates		**(2,001,584)**	(2,843,973)
Proceeds from disposal of investment in associates		**-**	431,429
Redemption proceeds received from financial assets at fair value through other comprehensive income		**135,820**	420,024
Cash outflow on acquisition of financial assets at fair value through other comprehensive income		**(530,080)**	(295,221)
Profit received from saving deposits		**106,370**	75,686
Dividends received from associates		**-**	81,966
Dividend income received		**460,357**	363,183
Net cash used in investing activities		**(3,904,263)**	(3,780,421)
FINANCING ACTIVITIES			
Movement in restricted bank accounts	9	**614**	1,319
Purchase of treasury shares		**(1,237,521)**	-
Dividends paid by the subsidiaries		**(307,908)**	-
Lease liability paid		**(222,104)**	(94,824)
Net cash used in financing activities		**(1,766,919)**	(93,505)
Net decrease in cash and cash equivalents		**(1,081,901)**	(11,345,136)
Cash and cash equivalents at beginning of the year		**9,034,950**	20,380,086
Cash and cash equivalents at end of the year	9	**7,953,049**	9,034,950

The notes set out on pages 10 to 48 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities

Gulf Investment House – KPSC ("the Parent Company") was incorporated in Kuwait on 8 September 1998 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law. The Parent Company along with its subsidiaries are jointly referred to as "the Group". The Parent Company is registered with the Central Bank of Kuwait as a finance company. The Parent Company's shares are traded on the Kuwait Stock Exchange and Abu Dhabi Securities Exchange.

The Parent Company is a subsidiary of GIH Financing Ltd, (The Ultimate Parent Company).

The Group is primarily engaged in investment activities and related financial and advisory services. All activities of the Group are carried out in compliance with the Noble Islamic Sharee'a, as approved by the Parent Company's Fatwa and Sharee'a Supervisory Board.

The Parent Company's registered head office is at Jawharat Al Khaleej Complex, Al Qibla, Block 6, Fadh Al Salem Street, Floor 8, PO Box 28808, 13149 Safat, Kuwait.

The Board of Directors of the Parent Company approved these consolidated financial statements for issuance on 20 March 2024. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties.

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

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

3 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB").

4 Changes in accounting policies

4.1 New and amended standards adopted by the Group

The following new amendments or standards were effective for the current period.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.1 New and amended standards adopted by the Group (continued)

IAS 1 Amendments – Disclosure of accounting policies
The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

The adoption of amendments did not have a significant impact on the Group's consolidated financial information.

IAS 8 Amendments – Definition of accounting estimates
The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

The adoption of the amendment did not have a significant impact on the Group's consolidated financial statements.

4.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to be relevant and/or have a material impact on the Group's consolidated financial statements.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments- Classification of liabilities with debt covenants	1 January 2024
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IAS 1 Amendments- Classification of liabilities as current or non-current	1 January 2024

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments
The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

IAS 1 Amendments - Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities as current or non-current depends only on the covenants that an entity is required to comply with on or before the reporting date. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 21 Amendments – Lack of exchangeability

The amendments to IAS 21 addresses determination of exchange rate when there is long term lack of exchangeability. The amendments:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 1 Amendments - Classification of liabilities as current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

5 Material accounting policies

The material accounting policies and measurement basis adopted in the preparation of the consolidated financial statements are summarised below:

5.1 Basis of consolidation

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

The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements. The details of the significant subsidiaries are set out in Note 7 to the consolidated financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the subsidiary as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses of subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences, recorded in consolidated statement of changes in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in consolidated statement of profit or loss;
- Reclassifies the parent's share of components previously recognized in consolidated statement of profit or loss and other comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the consolidated statement of profit or loss immediately.

5.3 Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The share of results of an associate is shown on the face of the consolidated statement of profit or loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared either to the reporting date of the Parent Company or to a date not earlier than three months of the Parent Company's reporting date, using consistent accounting policies. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.3 Investment in associates (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount under separate heading in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

However, when the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

5.4 Segment reporting

The Group has two operating segments: Investments and Real Estate. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

5.5 Revenue

The Group recognises revenue from dividend income and management fee.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

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

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

5.5.1 Sale of goods

Revenue is recognised when the Company transfers control of the assets to the customers which is usually at the point in time the customer takes undisputed delivery of the goods.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.5 Revenue (continued)

5.5.2 Dividend income

Dividend income, other than those from investments in associates, is recognised at the time the right to receive payment is established.

5.5.3 Rendering of services

The Group earns fees and commission income from diverse range of asset management, investment banking, custody and brokerage services provided to its customers. Fee income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management fees.

Fee income from providing transaction services

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

5.6 Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their origin.

5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.8 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its equipment using the straight-line method at rates sufficient to write off the assets over their estimated useful economic lives. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate at each financial year-end.

5.9 Leases

The Group as a lessee

For any new contracts entered into on or after 1 January 2022, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.9 Leases (continued)

The Group as a lessee (continued)
The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee
At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position as follows:

Right-of-use asset
The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Lease liability
At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group as a lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

The Group enters into lease agreements as a lessor with respect to some of its investment properties. When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contacts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.,

Rental income from operating leases is recognised on a straight-line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight-line basis over the lease term.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.9 Leases (continued)

The Group as a lessor (continued)
Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.

5.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate valuators and are included in the consolidated statement of financial position. Changes in fair value are taken to the consolidated statement of profit or loss.

Investment properties are de-recognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

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

5.11 Impairment testing of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.12 Financial instruments

5.12.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.12 Financial instruments (continued)

5.12.1 Recognition, initial measurement and derecognition (continued)

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of financial asset or part of Group of similar financial assets) is derecognised when:

- rights to receive cash flows from the assets have expired;
- 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 the risks and rewards of the asset or
(b) the Group has neither transferred nor retained substantially all 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 the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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.

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

5.12.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through Other Comprehensive Income (FVOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.12 Financial instruments (continued)

5.12.2 Classification of financial assets (continued)

The Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (Note 5.12.3); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. No such designation have been made.

5.12.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost comprise of the following:

- *Cash and bank balances and short-term deposits*

Cash on hand and demand deposits are classified under cash and bank balances and deposits placed with financial institutions with a maturity of less than one year are classified as short-term deposits.

- *Accounts and other financial assets*

Accounts receivables are stated at original invoice amount less allowance for impairment (Note 5.12.4).

Receivables which are not categorised under any of the above are classified as "other receivables/other assets".

Financial assets at FVOCI

The Group's financial assets at FVOCI comprise of investments in equity shares: These represent investments in equity shares of various companies and include both quoted and unquoted.

Debt instruments at FVOCI

The Group accounts for debt instruments at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset. The Group does not hold any such instruments at the reporting date.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.12 Financial instruments (continued)

5.12.3 Subsequent measurement of financial assets (continued)

Financial assets at FVOCI (continued)

Equity instruments at FVOCI
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

Financial assets at FVTPL
Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group's financial assets at FVTPL comprise of the investment in equity shares and funds.

5.12.4 Impairment of financial assets
The Group applies three-stage approach to measuring expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- Bank balances and time deposits
- Other financial assets

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.12 Financial instruments (continued)

5.12.4 Impairment of financial assets (continued)

Expected Credit Losses
The Group applies three-stage approach to measuring expected credit losses (ECL) as follows:

Stage 1: 12 months ECL
The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Stage 2: Lifetime ECL – not credit impaired
The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired.

Stage 3: Lifetime ECL – credit impaired
The Group measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

Determining the stage of impairment
At each reporting date, the Group assesses whether a financial asset or group of financial assets is credit impaired. The Group considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due.

At each reporting date, the Group also assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk.

Measurement of ECLs
ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward looking macro-economic scenarios etc.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.12 Financial instruments (continued)

5.12.4 Impairment of financial assets (continued)

Measurement of ECLs (continued)
The Group has applied simplified approach to impairment for trade and other assets (represented by deposits, prepayments and other dues from clients) as permitted under the standard. 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 debtors and the economic environment.

5.12.5 Classification and subsequent measurement of financial liabilities
The Group's financial liabilities includes other liabilities.

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

- *Financial liabilities at amortised cost*

These are stated using effective profit rate method and other liabilities are classified as financial liabilities other than at FVTPL.

Other liabilities
Payables and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

All the profit-related charges are included within finance costs.

5.12.6 Amortised cost of financial instruments
This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective profit rate.

5.12.7 Offsetting of financial instruments
Financial assets and financial liabilities are 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 there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.12.8 Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

5.13 Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued and paid up.

Legal reserve comprises appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Parent Company's Articles of Association.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.13 Equity, reserves and dividend payments (continued)

Other components of equity include the following:

- foreign currency translation reserve – comprises of foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries and associates into Kuwaiti Dinar (KD).
- Cumulative changes in fair value reserve – comprises of gains and losses relating to financial assets at fair value through other comprehensive income and Group share of cumulative change in fair value reserve of associates.

Retained earnings/(accumulated losses) include all current and prior period profits and losses. All transactions with owners of the parent are recorded separately within consolidated statement of changes in equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Assembly.

5.14 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

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

5.15 Foreign currency translation

5.15.1 Functional and presentation currency

The consolidated financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

5.15.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and "fair value through other comprehensive income" is reported as part of the cumulative change in fair value reserve within consolidated statement of profit or loss and other comprehensive income.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.15 Foreign currency translation (continued)

5.15.3 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to the consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

5.16 End of service indemnity

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

In addition to the end of service benefits with respect to its Kuwaiti national employees, the Group also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.17 Taxation

5.17.1 National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group attributable to the shareholders of the parent company. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST must be deducted from the profit for the year.

5.17.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group attributable to the shareholders of the parent company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.17.3 Zakat

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

Under the NLST and Zakat regulations, no carry forward of losses to the future years or any carry back to prior years is permitted.

5.18 Cash and cash equivalents

For the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances, short-term deposits and short term highly liquid investments maturing within three months from the date of inception less due to banks and blocked bank balances.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.19 Related party transactions

Related parties are associates, major shareholders, board of directors, executive staff, their family members and the companies owned by them. All related party transactions are carried out with the approval of the Group's management.

5.20 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (eg regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels). The Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.

Assumptions could change in the future in response to new environmental regulations, commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Group's future cash flows, financial performance and financial position.

6 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1 Significant management judgments

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

6.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in Note 5.12). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

6.1.2 Significant increase in credit risk

Estimated credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define "significant" increase. Therefore, assessment whether the credit risk of an asset has significantly increased the Group considers qualitative and quantitative reasonable and supportable forward-looking information.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty

6.1 Significant management judgments (continued)

6.1.3 Classification of real estate property

Management decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

6.1.4 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

6.1.5 Equity method accounting for entities in which the Group holds less than 20% of the voting rights

Management has assessed the level of influence that the Group has over its material associates (Note 13) and determined that it has significant influence even though the shareholding in these associates is below 20%, because the Group exercises significant influence over the associates by way of board representation. Consequently, these investments have been classified as associates and has been accounted for using the equity method.

6.1.6 Fair values of assets and liabilities acquired

The determination of the fair value of the assets, liabilities, and contingent liabilities because of business combination requires significant judgement.

6.2 Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided below. Actual results may be substantially different.

6.2.1 Impairment of associates

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

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty

6.2 Estimates uncertainty (continued)

6.2.2 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

6.2.3 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuators have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.4 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

7 Subsidiary companies

7.1 Details of the Group's consolidated subsidiaries as of the reporting date are as follows:

Subsidiary	Country of registration and place of business	Proportion of ownership interest held by the Group		Nature of business
		31 Dec. 2023	31 Dec. 2022	
		%	%	
Afkar Holding Company K.S.C.("Afkar")	Kuwait	**60.31%**	60.24%	Investment and related activities
Bait Al-Amar Al-Khaleeji General Trading and Contracting Company – SPC	Kuwait	**100%**	100%	Real estate
India Diversified Co.	Cayman Islands	**90%**	90%	Undertaking Islamic investments

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.2 Subsidiaries with material non-controlling interests

The Group includes only one subsidiary with material non-controlling interest (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Profit/(loss) allocated to NCI		Accumulated NCI	
	31 Dec. 2023 %	31 Dec. 2022 %	**31 Dec. 2023 KD**	31 Dec. 2022 KD	**31 Dec. 2023 KD**	31 Dec. 2022 KD
Afkar Holding Company K.S.C.("Afkar")	**39.69%**	39.76%	**409,569**	496,506	**6,866,453**	6,976,843
Individually immaterial subsidiaries with non-controlling interests			**(4,964)**	(2,376)	**75,159**	75,542
			404,605	494,130	**6,941,612**	7,052,385

Summarised financial information for the above subsidiary as of 31 December 2023 before intra-group eliminations, is set out below:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Non-current assets	**11,528,308**	12,223,000
Current assets	**7,744,701**	6,413,763
Total assets	**19,273,009**	18,636,763
Non-current liabilities	**256,064**	256,064
Current liabilities	**1,197,233**	1,136,110
Total liabilities	**1,453,297**	1,392,174
Equity attributable to owners of the Parent Company	**10,746,391**	10,388,474
Non-controlling interests (including NCI of the sub subsidiary)	**7,073,321**	6,856,115

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.3 Subsidiaries with material non-controlling interests (continued)

	31 Dec. 2023 KD	31 Dec. 2022 KD
Total income	**7,964,601**	9,101,954
Profit for the year	**1,032,156**	1,248,822
Other comprehensive income/(loss) for the year	**364,473**	(121,836)
Total comprehensive income for the year	**1,396,629**	1,126,986
- attributable to owners of the Parent Company	**1,601,919**	1,079,461
- attributable to NCI	**(205,290)**	47,525
Net cash from/(used in) operating activities	**1,901,758**	(2,934,286)
Net cash (used in)/from investing activities	**(850,732)**	133,166
Net cash used in financing activities	**(775,000)**	-
Net cash inflow/(outflow)	**276,026**	(2,801,120)

8 Basic and diluted earnings per share attributable to the owners of the Parent

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the year as follows (excluding treasury shares):

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Profit for the year attributable to the owners of the Parent Company (KD)	**2,498,179**	794,666
Weighted average number of shares outstanding during the year – shares	**405,546,143**	406,495,660
Basic and diluted earnings per share (Fils)	**6.16**	1.95

9 Cash and cash equivalents

	31 Dec. 2023 KD	31 Dec. 2022 KD
Cash and bank balances	**3,952,008**	6,897,574
Short term deposits	**4,128,051**	2,265,000
	8,080,059	9,162,574
Less: Dividend restricted bank accounts*	**(127,010)**	(127,624)
Cash and cash equivalents as per consolidated statement of cash flows	**7,953,049**	9,034,950

The short terms deposits have original maturity of three months or less and carry profit in the range of 4.35% to 5% (31 December 2022: 2% to 5%) per annum.

*Relates to amount set apart to meet unclaimed dividend balances, as and when they are claimed by the shareholders. An amount of KD614 (31 December 2022: KD1,319) was paid during the current year, out of dividend payable which relates to dividend for prior years.

Notes to the consolidated financial statements (continued)

10 Financial assets at fair value through profit or loss

	31 Dec. 2023 KD	31 Dec. 2022 KD
Quoted securities	**4,374,750**	9,320,257
Unquoted equity securities	**7,880,854**	7,933,396
Unquoted funds managed by external fund managers	**-**	15,119
Debt instruments	**1,094,851**	-
	13,350,455	17,268,772

During the year, the Group reclassified its' an unquoted security, Al Rouyah Capital Holding Company with a carrying value of KD111,756 from financial assets at fair value through profit or loss to investment in associates, as the Group concluded that it exercises significant influence over the investment due to increase in its ownership interest (Note 13 c).

11 Financial assets at fair value through other comprehensive income

	31 Dec. 2023 KD	31 Dec. 2022 KD
Quoted securities	**-**	320
Unquoted equity securities	**1,098,104**	813,505
Managed funds	**-**	87,578
	1,098,104	901,403

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing short-term fluctuations in the fair value of these investments in consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

12 Accounts receivable and other assets

	31 Dec. 2023 KD	31 Dec. 2022 KD
Trade receivable	**1,520,119**	1,652,968
Provision for doubtful debts	**(77,141)**	(204,707)
	1,442,978	1,448,261
Staff receivables	**22,898**	17,212
Dividends receivable from an associate (Note 19)	**238,044**	296,288
Refundable deposits	**158,039**	49,923
Prepaid expenses	**72,190**	48,929
Due from a related party (Note 19)	**116,108**	-
Other receivables	**601,336**	254,352
Projects under progress	**-**	75,000
Advance payment to incorporate subsidiaries	**956,661**	527,204
Advance payment for the purchase of investments	**200,000**	-
	3,808,254	2,717,169

Notes to the consolidated financial statements (continued)

12 Accounts receivable and other assets (continued)

Movement on provision for doubtful debts is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at beginning of the year	**204,707**	204,707
Provision provided during the year	**5,963**	-
Reversal of provision no longer required	**(133,529)**	-
Balance at end of the year	**77,141**	204,707

Trade receivables are non-interest bearing and are generally due within 90 days. The ageing analysis of these trade receivables is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Less than 90 days	**1,106,887**	1,053,889
90 – 180 days	**242,847**	314,100
181 – 365 days	**59,037**	72,277
More than 365 days	**111,348**	212,702
	1,520,119	1,652,968

13 Investment in associates

Details of the Group's material associates at the end of the reporting period are as follows:

	Country of registration and principal place of business	Nature of business	Percentage ownership		Carrying value	
			31 Dec. 2023 %	31 Dec. 2022 %	31 Dec. 2023 KD	31 Dec. 2022 KD
Quoted Associates						
Inovest B.S.C. (Closed) ("Inovest")	Bahrain	Investment	**25.25**	23.84	**9,992,221**	9,603,932
					9,992,221	9,603,932
Unquoted Associates						
Mada'in Properties P.J.S.C. ("Mada'in")*	UAE	Real Estate	**18.41**	15.89	**2,533,478**	1,507,460
Majan Development Company Joint Stock (Closed) ("Majan")	Oman	Real Estate	**29.87**	21.33	**3,178,655**	2,584,090
Al Rouyah Capital Holding KSCC ("Al Rouyah")	Kuwait	Investment	**27.77**	-	**1,452,551**	-
Gulf Industrial Development Co. ("GID")	Saudi Arabia	Industrial	**28**	28	**4,440,382**	4,124,093
					11,605,066	8,215,643
					21,597,287	17,819,575

Notes to the consolidated financial statements (continued)

13 Investment in associates (continued)

The movement of investment in associates is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Carry value as at beginning of the year	**17,819,575**	13,947,672
Additions during the year	**2,001,584**	2,843,973
Share of results	**2,400,487**	442,375
Gain on bargain purchase of an associate (Note 13b)	**1,007,812**	1,355,484
Disposal during the year	**-**	(465,150)
Partial disposal during the year	**-**	(43,632)
Impairment in value of an associate (Note 13a)	**(1,957,256)**	(392,224)
Share of foreign currency translation reserve	**1,500**	227,562
Other comprehensive income	**323,585**	1,682
Dividend	**-**	(81,966)
Other adjustments	**-**	(16,201)
	21,597,287	17,819,575

*Classification of associates where the Group holds less than 20% of the voting power of the investee is based on the existence of significant influence exercised by the Group. This is evidenced by the Group's representation on the board of directors and participation in policy and decision-making process of the investee with sufficient degree for the Group to demonstrate that it has significant influence over the respective associates.

a) The carrying value of investment in associates is tested for impairment by estimating the recoverable amount using fair value approach. The fair value calculation uses adjusted net assets values of investees and market observable data which includes price to book value multiples and price to earnings multiples of comparable companies. As a result, during the year, the Parent Company has made impairment provisions aggregating KD1,957,256 against its associates, based on the impairment assessment carried out.

b) During the year, the Group acquired additional stake in the following associates;

- an additional 8.54% equity interest in Majan Development Company – Joint Stock (Closed), for a consideration of KD255,507. The addition has resulted in a net bargain purchase of KD775,123, which has been recorded in the consolidated statement of profit or loss.

- an additional 1.41% equity interest in Inovest BSC, for a consideration of KD322,761. The addition has resulted in a net bargain purchase of KD168,101, which has been recorded in the consolidated statement of profit or loss.

- an additional 2.52% equity interest in Mada'in Properties PJSC, for a consideration of KD137,833. The addition has resulted in a net bargain purchase of KD64,588, which has been recorded in the consolidated statement of profit or loss.

c) During the year, the Group acquired additional equity stake of 25.81% in Al Rouyah Capital Holding KSCC for a consideration of KD1,170,893, which resulted in increasing its ownership interest from 1.96% to 27.77% and reclassified from Financial assets at fair value through profit or loss to Investment in associates.

d) Group's share of associate's contingent liabilities amounted to KD815,307 (31 December 2022: KD963,381) as of the reporting date.

Notes to the consolidated financial statements (continued)

13 Investment in associates (continued)

Summarised financial information in respect of Group's associates is set out below. The summarised financial information below represents the amounts presented in the financial statements of each associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and associates.

	Inovest KD	Mada'in KD	Majan KD	Al Rouyah KD	GID KD	Total KD
31 December 2023						
Non-current assets	58,324,219	17,291,816	14,231,602	7,510,887	14,664,483	112,023,007
Current assets	13,868,974	3,456,446	1,546,327	1,568,125	751,779	21,191,651
Non-current liabilities	(8,176,009)	(4,908)	(2,514,342)	(22,683)	-	(10,717,942)
Current liabilities	(19,218,742)	(2,558,586)	(296,533)	(1,223,767)	(364,352)	(23,661,980)
Equity	44,798,442	18,184,768	12,967,054	7,832,562	15,051,910	98,834,736
Proportion of the Group's ownership	25.25%	18.41%	29.87%	27.77%	28.00%	
Group's share in the equity	11,310,986	3,347,321	3,873,518	2,174,354	4,214,535	24,920,714
Impairment in value of investment in associates	(1,318,765)	(813,843)	(694,863)	(721,803)	(120,444)	(3,669,718)
Other adjustment	-	-	-	-	26,766	26,766
Goodwill	-	-	-	-	319,525	319,525
Total carrying value	9,992,221	2,533,478	3,178,655	1,452,551	4,440,382	21,597,287
Dividends received during the year	-	-	-	-	-	-
Income	2,274,487	1,075,127	287,276	248,053	1,773,476	5,658,419
Group's share of income	574,277	197,902	85,815	68,885	496,573	1,423,452
Profit/(loss) for the year	414,658	9,366,591	(94,318)	108,857	365,194	10,160,982
Market value of the quoted associate	6,403,186	-	-	-	-	6,403,186

The market value of the quoted associates is determined based on the bid price of the investment on the relevant stock exchange, as at the reporting date, and is accordingly classified under Level 1 hierarchy.

Notes to the consolidated financial statements (continued)

13 Investment in associates (continued)

	Inovest KD	Mada'in KD	Majan KD	GID KD	Total KD
31 December 2022					
Non-current assets	56,354,749	33,098,015	15,101,783	12,452,130	117,006,677
Current assets	18,006,738	10,586,345	895,345	1,559,282	31,047,710
Non-current liabilities	(9,289,631)	(28,382,877)	(2,652,397)	-	(40,324,905)
Current liabilities	(20,700,456)	(2,436,862)	(302,519)	(457,641)	(23,897,478)
Equity	44,371,400	12,864,621	13,042,212	13,553,771	83,832,004
Proportion of the Group's ownership	23.84%	15.89%	21.33%	28.00%	
Group's share in the equity	10,575,923	2,043,838	2,782,165	3,795,056	19,196,982
Impairment in value of investment in associates	(971,990)	(531,709)	(196,146)	-	(1,699,845)
Other adjustment	-	(4,668)	(1,930)	9,511	2,913
Goodwill	-	-	-	319,525	319,525
Total carrying value	9,603,933	1,507,461	2,584,089	4,124,092	17,819,575
Dividends received during the year	-	-	(81,966)	-	(81,966)
Income/(loss)	2,452,756	6,558,797	560,243	140,226	9,712,022
Group's share of income	584,614	1,042,014	119,511	39,263	1,785,402
Profit/(loss) for the year	1,288,088	226,957	(100,437)	62,954	1,477,562
Market value of the quoted associate	6,103,855	-	-	-	6,103,855

Notes to the consolidated financial statements (continued)

14 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Fair value as at 1 January	753,509	830,408
Changes in fair value	(49,035)	(6,178)
Foreign currency translation adjustment	1,309	(70,721)
	705,783	753,509

Investment properties comprise of commercial and retail properties located in India.

The fair value of investment properties as at 31 December 2023 and 31 December 2022 are determined by independent valuers who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values were determined based on market approach that reflects recent transaction prices for similar properties. In estimating the fair values of the properties, the highest and the best use of the properties is used on their current use. There has been no change to the valuation techniques during the year. The fair value of investment properties is measured under the Level 2 fair value hierarchy.

15 Accounts payable and other liabilities

	31 Dec. 2023 KD	31 Dec. 2022 KD
Trade Payables	876,798	974,133
Dividend payable	127,010	127,624
Employees' end of service benefits	548,533	460,555
Contribution to KFAS payable	30,389	21,421
Provision for NLST	45,704	25,350
Provision for Zakat	23,936	22,311
Other payables and accrued expenses	768,783	550,348
	2,421,153	2,181,742

16 Share Capital, statutory reserve and dividend

Share capital

The authorised issued and paid-up capital of the Parent Company amounts to KD40,649,566 (31 December 2022: KD40,649,566) distributed over 406,495,660 shares (31 December 2022: 406,495,660 shares) with 100 Fils par value each as of 31 December 2023.

Statutory reserve

In accordance with the Companies' Law, and the Parent Company's Articles of Association, a minimum of 10% of the profit for the year shall be transferred to the statutory reserve. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice unless such reserve exceeds 50% of the issued share capital.

Notes to the consolidated financial statements (continued)

17 Treasury Shares

	31 Dec. 2023
Number of shares	3,246,884
Percentage of issued shares	0.80%
Market value (KD)	1,068,225
Cost (KD)	1,237,521

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

18 Segment analysis

The Group activities are concentrated in three main segments: Investments, Real Estate and Manufacturing. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment Segment results include revenue and expense directly attributable to each reporting segment as the Group does not have any inter segment charges. Segment assets comprise those operating assets that are directly attributable to the segment.

Segmental information for the years ended 31 December 2023 and 31 December 2022 are as follows:

	Investments KD	Real estate KD	Manufacturing KD	Unallocated KD	Total KD
As at 31 December 2023					
Segment income	3,525,082	(49,035)	7,579,454	643,700	11,699,201
Segment Profit/(loss)	3,525,082	(49,035)	2,161,907	(2,735,170)	2,902,784
Total assets	44,125,905	705,783	8,034,978	3,688,196	56,554,862
Total liabilities	-	-	1,083,951	4,080,847	5,164,798
Net assets/(liabilities)	44,125,905	705,783	6,951,027	(392,651)	51,390,064
Other disclosures					
Investment in associates	21,597,287	-	-	-	21,597,287
Share of results of associates and bargain purchases	3,408,299	-	-	-	3,408,299
Unrealised gain on financial assets at fair value through profit or loss	433,705	-	-	-	433,705
Change in fair value of investment properties	-	(49,035)	-	-	(49,035)
Depreciation	-	-	(127,099)	(156,088)	(283,187)

Notes to the consolidated financial statements (continued)

18 Segment analysis (continued)

	Investments KD	Real estate KD	Manufacturing KD	Unallocated KD	Total KD
As at 31 December 2022					
Segment income	1,551,190	(6,178)	8,598,521	207,822	10,351,355
Segment Profit/(loss)	1,495,549	(6,178)	2,168,909	(2,369,484)	1,288,796
Total assets	35,989,750	753,509	5,971,545	10,941,362	53,656,166
Total liabilities	-	-	934,864	2,811,684	3,746,548
Net assets	35,989,750	753,509	5,036,681	8,129,678	49,909,618
Other disclosures					
Investment in associates	17,819,575	-	-	-	17,819,575
Share of results of associates and bargain purchases	1,797,859	-	-	-	1,797,859
Unrealised loss on financial assets at fair value through profit or loss	17,794	-	-	-	17,794
Change in fair value of investment properties	-	(6,178)	-	-	(6,178)
Depreciation	-	-	(237,875)	(2,597)	(240,472)

The geographical segments are as follows:

	Profit after taxes		Assets		Liabilities	
	31 Dec 2023 KD	31 Dec 2022 KD	**31 Dec 2023 KD**	31 Dec 2022 KD	**31 Dec 2023 KD**	31 Dec 2022 KD
Kuwait	**76,250**	(681,642)	**24,724,349**	26,251,801	**5,064,396**	3,635,998
Gulf and Middle East	**1,633,795**	1,976,616	**29,799,796**	26,454,327	**-**	-
Others	**1,192,739**	(6,178)	**2,030,717**	950,038	**100,402**	110,550
	2,902,784	1,288,796	**56,554,862**	53,656,166	**5,164,798**	3,746,548

19 Related party transactions

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

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

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance included in the consolidated statement of finance position:		
Due from related parties (included in accounts receivables and other assets)		
Dividends receivable from associate (Note 12)	**238,044**	296,288
Due from a related party (Note 12)	**116,108**	-
Compensation of key management personnel of the Group		
Salaries and other short-term benefits	**302,031**	255,079
Terminal benefits	**23,669**	17,277
Consultancy fees paid	**36,000**	24,000
	361,700	296,356

Notes to the consolidated financial statements (continued)

20 Summary of financial assets and liabilities by category and fair value measurement

20.1 Categories of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position may also be categorized as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
At amortised cost:		
• Bank balances and short-term deposits	**8,080,059**	9,162,574
• Accounts receivables and other assets	**2,779,403**	2,141,036
	10,859,462	11,303,610
Financial assets at fair value through profit or loss:		
• Quoted securities	**4,374,750**	9,320,257
• Unquoted equity securities	**7,880,854**	7,933,396
• Unquoted funds managed by external fund managers	**-**	15,119
• Debt instruments	**1,094,851**	-
	13,350,455	17,268,772
Financial assets at fair value through other comprehensive income		
• Quoted securities	**537,805**	320
• Unquoted equity securities	**560,299**	813,505
• Managed Funds	**-**	87,578
	1,098,104	901,403
Total financial assets	**25,308,021**	29,473,785
Financial liabilities (at amortised costs):		
• Other liabilities	**2,421,153**	2,181,742
• Lease liabilities	**2,743,645**	1,564,806
Total financial liabilities	**5,164,798**	3,746,548

Fair value measurement

Fair value represents 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 Group measures financial instruments such as transaction amount at fair value though profit or loss and financial asset at fair value through other comprehensive income at fair value and measurement details are disclosed in Note 20.2 to the consolidated financial statements. In the opinion of the Group's management, the carrying amounts of all financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

The Group also measures non-financial assets such as investment properties at fair value at each annual reporting date, which is measured under level 2 of the fair value hierarchy.

20.2 Fair value hierarchy for financial instruments measured at fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Notes to the consolidated financial statements (continued)

20 Summary of financial assets and liabilities by category and fair value measurement (continued)

20.2 Fair value hierarchy for financial instruments measured at fair value (continued)

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

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

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

31 December 2023	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
• Quoted securities	**4,374,750**	-	-	**4,374,750**
• Unquoted securities	-	-	**7,880,854**	**7,880,854**
• Debt instruments	-	**1,094,851**	-	**1,094,851**
Financial assets at fair value through other comprehensive income				
• Unquoted equity securities	-	-	**1,098,104**	**1,098,104**
Total financial assets at fair value	**4,374,750**	**1,094,851**	**8,978,958**	**14,448,559**
31 December 2022				
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
• Quoted securities	9,320,257	-	-	9,320,257
• Unquoted securities	-	-	7,933,396	7,933,396
• Unquoted funds managed by external fund managers	-	-	15,119	15,119
Financial assets at fair value through other comprehensive income				
• Quoted securities	320	-	-	320
• Unquoted equity securities	-	-	813,505	813,505
• Managed funds	-	-	87,578	87,578
Total financial assets at fair value	9,320,577	-	8,849,598	18,170,175

The methods and valuation techniques used for the purpose of measuring fair values, are unchanged compared to the previous year.

Notes to the consolidated financial statements (continued)

20 Summary of financial assets and liabilities by category and fair value measurement (continued)

20.2 Fair value hierarchy for financial instruments measured at fair value (continued)

Measurement at fair value
The Group's finance team performs valuations of financial instruments for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair value are as follows:

a) Quoted shares
Quoted equity securities have been fair valued based on their latest price quotations on the respective stock exchange at the reporting date.

b) Unquoted shares
Fair values of unquoted equity securities are derived through a market approach which utilises price multiples of comparable quoted companies. A lack of marketability discount is applied on the fair values derived through this approach which ranges from 25% to 10% (2022: 25% to 10%) and is based on the management's judgment. A 5% increase in the lack of marketability discount will result in a decrease in fair values of these securities by KD422,058(31 December 2022: KD437,345).

c) Unquoted funds
Fair values of unquoted funds are measured based on their latest net asset values provided by the respective fund managers.

d) Debt instruments
The fair value of debt instruments are determined based on net assets value of operations.

Level 3 Fair value measurements
The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market date. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at the beginning of the year	**8,849,598**	6,962,203
Net change in fair value recognised in profit or loss	**59,213**	720,988
Net change in fair value recognised in other comprehensive income	**(253,234)**	(110,269)
Additions during the year	**(102,668)**	1,276,676
Reclassification to associate	**(111,756)**	-
Balance at the end of the year	**8,441,153**	8,849,598

Notes to the consolidated financial statements (continued)

21 Risk management objectives and policies

21.1 Risk management

Risk is an inherent part of the Group's business activities. It is managed through a process of ongoing identification, assessment, measurement and monitoring of the business activities, 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, investment risk and market risk. Market risk is subdivided into profit rate risk, foreign currency risk and equity price risk. The Group is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored and managed through the Group's Strategic Risk Management Framework.

Risk management structure

The Board of Directors is ultimately responsible for the overall risk management process and for approving the risk strategies and principles.

Board of Directors

The Board of Directors provides risk oversight and has the overall responsibility for determining the strategic direction of the organisation and for creating the environment and the framework for risk management to operate effectively.

Investment committee

The Investment Committee is responsible of reviewing and recommending strategies, policies and limits for the management of investment risk and market risk.

For the investment risk, the committee reviews and recommends limits, or changes to established limits, related to investment activity, monitoring of exposures against limits and approval of excess above those limits.

For the market risk, the committee reviews and recommends limits, or changes to established limits, related to investment activity in terms of equity trading.

Credit committee

The Credit Committee is responsible for credit risk management. The committee ensures adequate risk capital against credit exposures, identifies external factors that may have an impact on equity and determines appropriate strategies.

Audit committee

The risk management responsibility for the Audit Committee is mainly towards Operational Risk. The committee identifies and presents operational risks in the course of regular internal audits with recommendations for corrective actions. It also focuses the internal audit work on significant risks and auditing the risk management processes across the Group.

21.2 Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Notes to the consolidated financial statements (continued)

21 Risk management objectives and policies (continued)

21.2 Credit Risk (continued)

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action. The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

Gross maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements (if any).

	Gross maximum exposure 31 December 2023 KD	Gross maximum exposure 31 December 2022 KD
Bank balances and short-term deposits	**8,080,059**	9,162,574
Accounts receivables and other assets	**2,779,403**	2,141,036
Total credit risk exposure	**10,859,462**	11,303,610

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The credit risk for bank balance and short-term deposits is considered negligible, since the counterparties are reputable financial institutions with high credit quality and no history of default. Based on management assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly.

Collateral

The Group did not hold any collateral as at 31 December 2023 and 2022.

Risk concentrations of the maximum exposure to credit risk

The Group's financial assets, before taking into account any collateral held or other credit enhancements, can be analysed by the following geographical regions and industrial sectors:

	Banking and financial services KD	*Others KD*	*Total KD*
31 December 2023			
Kuwait	**7,786,683**	**293,376**	**8,080,059**
Others	**-**	**2,779,403**	**2,779,403**
	7,786,683	**3,072,779**	**10,859,462**

Notes to the consolidated financial statements (continued)

21 Risk management objectives and policies (continued)

21.2 Credit Risk (continued)

Risk concentrations of the maximum exposure to credit risk (continued)

	Banking and financial services KD	*Others KD*	*Total KD*
31 December 2022			
Kuwait	8,822,574	340,000	9,162,574
Others	-	2,141,036	2,141,036
	8,822,574	2,481,036	11,303,610

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for related consolidated statement of financial position lines, based on the Group's internal credit rating system.

	Neither past due nor impaired		
	High Grade KD	*Standard grade KD*	*Total KD*
31 December 2023:			
Bank balances and short-term deposits	**8,080,059**	-	**8,080,059**
Accounts receivables and other assets	-	**2,779,403**	**2,779,403**
	8,080,059	**2,779,403**	**10,859,462**
31 December 2022:			
Bank balances and short-term deposits	9,162,574	-	9,162,574
Accounts receivables and other assets	-	2,141,036	2,141,036
	9,162,574	2,141,036	11,303,610

21.3 Liquidity risk

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

The table below summarises the maturity profile of the Group's assets and liabilities. Except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, the maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date.

The maturity profile for financial assets carried at fair value through profit or loss, fair value through other comprehensive income and investment properties is determined based on management's estimate of liquidation of those investments.

Notes to the consolidated financial statements (continued)

21 Risk management objectives and policies (continued)

21.3 Liquidity risk (continued)

Maturity profile of assets and liabilities are as follows:

	1 year KD	Over 1 year KD	Total KD
At 31 December 2023			
ASSETS			
Bank balances and short-term deposits	**8,080,059**	**-**	**8,080,059**
Financial assets at fair value through profit or loss	**13,350,455**	**-**	**13,350,455**
Financial assets at fair value through other comprehensive income	**-**	**1,098,104**	**1,098,104**
Inventories	**925,872**	**-**	**925,872**
Accounts receivables and other assets	**3,808,254**	**-**	**3,808,254**
Investment in associates	**-**	**21,597,287**	**21,597,287**
Investment properties	**-**	**705,783**	**705,783**
Property and equipment	**-**	**3,307,372**	**3,307,372**
Right of use of assets	**-**	**2,734,186**	**2,734,186**
Intangible assets	**-**	**591,473**	**591,473**
Goodwill	**-**	**356,017**	**356,017**
	26,164,640	**30,390,222**	**56,554,862**
LIABILITIES			
Lease liabilities	**259,490**	**2,484,155**	**2,743,645**
Other liabilities	**1,869,270**	**551,883**	**2,421,153**
	2,128,760	**3,036,038**	**5,164,798**
At 31 December 2022			
ASSETS			
Bank balances and short-term deposits	9,162,574	-	9,162,574
Financial assets at fair value through profit or loss	17,268,772	-	17,268,772
Financial assets at fair value through other comprehensive income	-	901,403	901,403
Inventories	974,005	-	974,005
Accounts receivables and other assets	2,717,169	-	2,717,169
Investment in associates	-	17,819,575	17,819,575
Investment properties	-	753,509	753,509
Property and equipment	-	1,505,321	1,505,321
Right of use of assets	-	1,589,564	1,589,564
Intangible assets	-	608,257	608,257
Goodwill	-	356,017	356,017
	30,122,520	23,533,646	53,656,166
LIABILITIES			
Lease liabilities	113,265	1,451,541	1,564,806
Other liabilities	1,721,186	460,556	2,181,742
	1,834,451	1,912,097	3,746,548

Notes to the consolidated financial statements (continued)

21 Risk management objectives and policies (continued)

21.3 Liquidity risk (continued)

The contractual maturity of financial liabilities is as follows:

	Up to 1 month KD	1-3 Months KD	3-12 Months KD	1-5 Years KD	Total KD
31 December 2023					
Financial liabilities					
Lease liabilities	-	-	259,490	2,484,155	2,743,645
Other liabilities	1,869,270	-	-	551,883	2,421,153
	1,869,270	-	259,490	3,036,038	5,164,798
31 December 2022					
Financial liabilities					
Lease liabilities	-	-	113,265	1,451,541	1,564,806
Other liabilities	1,721,186	-	-	460,556	2,181,742
	1,721,186	-	113,265	1,912,097	3,746,548

21.4 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as profit rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short-term changes in fair value.

21.4.1 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of the financial instruments. The Group is not exposed to significant profit rate risk on its profit bearing assets and liabilities (short-term deposits) as a result of reasonably possible changes in profit rates since the Group is not exposed to any floating rate profit bearing assets and liabilities.

21.4.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk is managed by the treasury department of the Parent Company on the basis of limits determined by the Group's Board of Directors and a continuous assessment of the Group's open positions and current and expected exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Group does not hedge foreign currency exposures.

As of reporting date, the Group does not expose to significant foreign currency risk.

21.4.3 Equity price risk

Equity price risk arises from changes in the fair values of equity investments. Equity price risk is managed by the direct investment department of the Parent Company. The unquoted equity price risk exposure arises from the Group's investment portfolio. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration. The Group's quoted investments are listed on the Kuwait Stock Exchange.

Notes to the consolidated financial statements (continued)

21 Risk management objectives and policies (continued)

21.4 Market risk (continued)

21.4.3 Equity price risk (continued)

Quoted securities:
The effect on total comprehensive loss due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	31 December 2023		31 December 2022	
Market indices	Change in equity price %	Effect on total comprehensive income for the year KD	Change in equity price %	Effect on total comprehensive income for the year KD
Kuwait	+10%	491,256	+10%	932,058

21.5 Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

22 Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, Islamic borrowings less bank balances and short-term deposits excluding restricted bank balances. Capital represents total equity.

	31 Dec. 2023 KD	31 Dec. 2022 KD
Net debt	-	-
Less: Bank balances and short-term deposits	(8,080,059)	(9,162,574)
Total equity	51,390,064	49,909,618
Capital and net debt	51,390,064	49,909,618
Gearing ratio	-	-

Notes to the consolidated financial statements (continued)

23 Dividend distribution

Subject to the requisite consent of the relevant authorities and approval from the general assembly, the Parent Company's Board of Directors propose not to make any distributions for the year 31 December 2023 (31 December 2022: Nil).

The shareholders of the Parent Company at the Annual General Meeting held on 24 May 2023 approved the consolidated financial statements of the Group for the year ended 31 December 2022.

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