

التاريخ : 30 مارس 2024

Date :

Mr. Hassan Abdulrahman Al-Serkal
Chief Executive Officer
Dubai Financial Market

السيد/ حسن عبدالرحمن السركال المحترم،،،
الرئيس التنفيذي
سوق دبي المالي

Greeting ,,,

تحية طيبة وبعد ،،،

Please note that the Board of Directors Meeting of International Financial Advisors Holding Company held today 30/03/2024 , at 11:00 AM and the meeting resulted in the following decisions:

برجاء الإحاطة بأن مجلس إدارة شركة الاستشارات المالية الدولية القابضة قد عقد إجتماعه اليوم 2024/03/30 ، في تمام الساعة الحادية عشر صباحاً ، وقد أسفر الإجتماع عن القرارات التالية:

1. Approval of the company's annual consolidated financial statements for the year ending on 31/12/2023 and submitting them to the General Assembly.

1. الموافقة على البيانات المالية السنوية المجمعة للشركة عن السنة المنتهية في 2023/12/31 ورفعها للجمعية العمومية .

2. The Board's recommendation to distribute 12.5% bonus shares to the company's shareholders for the financial year ending on 31/12/2023 and submit it to the General Assembly.

2. توصية المجلس بتوزيع 12.5 % أسهم منحة على مساهمي الشركة عن السنة المالية المنتهية في 2023/12/31 ورفعها للجمعية العمومية .

3. The Board's recommendation to appoint Mr. Abdul Latif Mohammed Al-Aiban from the office of Messrs. Grant Thornton - Al-Qatami, Al-Aiban & Partners as an external auditor for the fiscal year 2024 and submit it to the General Assembly.

3. توصية المجلس بتعيين السيد/ عبداللطيف محمد العيبان من مكتب السادة جرانت ثورنتون - القطامي والعيبان وشركاهم كمراقب حسابات خارجي للسنة المالية 2024 ورفعها للجمعية العمومية .

4. Approval of other items on the agenda and reviewing and approving the committees' reports .

4. الموافقة على البنود الأخرى المدرجة على جدول الأعمال والإطلاع على تقارير اللجان وإعتمادها والموافقة عليها .

We attached herewith the signed Consolidated Annual Financial Statements for the year ended 31/12/2023 (Arabic & English Copy).

كما نرفق لكم طيه البيانات المالية السنوية المجمعة الموقعة عن السنة المنتهية في 2023/12/31 ، (نسخة باللغة العربية ونسخة باللغة الإنجليزية).

For your kind knowledge and attention.

برجاء الإحاطة.

Regards ,

وتفضلوا بقبول فائق التحية والتقدير ،،،

صالح صالح السلمي
نائب رئيس مجلس الإدارة والرئيس التنفيذي
Saleh Saleh Al-Selmi


شركة الاستشارات المالية الدولية القابضة
INTERNATIONAL FINANCIAL ADVISORS HOLDING

International Financial Advisors Holding - K.P.S.C
(CR 20377 - Capital KD 26,673,255)

Vice Chairman & C.E.O

شركة الاستشارات المالية الدولية القابضة - ش.م.م. (سجل تجاري رقم 20377 - رأس المال 26,673,255 د.ك.)

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Grant Thornton
Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report

International Financial Advisors Holding – KPSC

and Subsidiaries

Kuwait

31 December 2023

Contents

	Page
Independent auditor's report	1 to 4
Consolidated statement of profit or loss	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8 and 9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11 to 57

Independent auditor's report

To the Shareholders of
International Financial Advisors Holding – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of International Financial Advisors Holding – KPSC (the “Parent Company”) and its subsidiaries, (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 a material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 Qualified Opinion

As disclosed in note 16.1-c to the consolidated financial statements, the Group was unable to obtain audited financial statements for one of its foreign associates and accounted for its share in the associate based on management accounts for the period ended 31 December 2023. There were no practicable audit procedures available to us to ascertain the impact of the non-availability of audited financial statements relating to this foreign associate on these consolidated financial statements. Had we been able to obtain audited financial statements, matters might have come to our attention indicating that adjustments might be necessary to the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (*including International Independence Standards*) (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report and we expect to obtain the remaining sections of the Group's Annual Report after the date of our auditor's report.

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

Independent Auditor's Report to the Shareholders of International Financial Advisors Holding - KPSC

Other information included in the Group's 2023 annual report (continued)

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the key audit matters.

Equity Method of Accounting

The Group has interests in number of investments accounted for using the equity method of accounting which are significant to the Group's consolidated financial statements. Under the equity method, the Group's interests in these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition changes in the Group's share of the net assets of these investments, less any impairment. The complexity of the Group's control environment and our ability as Group's auditor to obtain an appropriate level of understanding of these entities including any related party transactions. Due to these factors and the significance of the investments accounted for using equity method of accounting to the Group's consolidated financial statements we consider this as a key audit matter.

Our audit procedures included, among others, determining the nature and extent of audit procedures to be carried out for these investments and selecting the significant investments based on the size and/or risk profile of these entities. During our audit we communicated with the component auditors. We also provided instructions to the component auditors covering the significant areas and risks to be addressed including the identification of related parties and transactions. Furthermore, we evaluated the Group's methodology and testing of the key assumptions used by the Group in determining the recoverable amount based on value-in-use. We also assessed the adequacy of the Group's disclosures in Note 16 to the consolidated financial statements.

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

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

In preparing the consolidated financial statements, management of the Parent Company 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.



Independent Auditor's Report to the Shareholders of International Financial Advisors Holding - KPSC

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

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

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

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

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

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.

Independent Auditor's Report to the Shareholders of International Financial Advisors Holding - KPSC

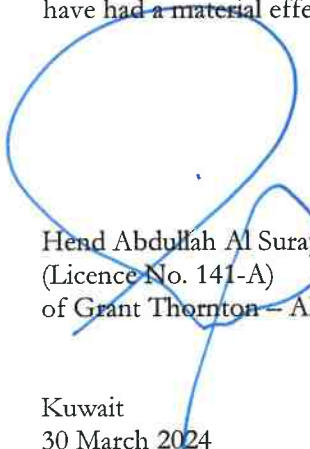
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our 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 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 No. 1 of 2016, 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 the financial position of the Parent Company.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority ("CMA") 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.



Hend Abdullah Al Surayea
(Licence No. 141-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
30 March 2024

Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Income			
Share of results of associates and joint venture	16	8,830,694	3,387,981
Rental income		88,550	28,826
Dividend income		413,388	259,367
Change in fair value of investments at FVTPL		564,373	744,223
Change in fair value of investment properties		(7,511)	(19,409)
Change in fair value of investment properties held for sale		48,296	-
Other gains and losses	7	9,366,801	692,559
Foreign exchange loss		(27,818)	(50,369)
Other income		69,619	282,794
		19,346,392	5,325,972
Expenses and other charges			
Staff costs		(314,234)	(306,763)
Other operating expenses and charges		(1,254,531)	(879,240)
Impairment of investment in associates		-	(1,339,468)
Finance costs		(995,976)	(1,419,272)
		(2,564,741)	(3,944,743)
Profit for the year before taxation		16,781,651	1,381,229
Taxation	8	(363,961)	(50,879)
Profit for the year		16,417,690	1,330,350
Attributable to:			
- Shareholders of the Parent Company		16,452,893	1,402,648
- Non-controlling interests		(35,203)	(72,298)
		16,417,690	1,330,350
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (Fils)	9	66.00	5.63

The notes set out on pages 11 to 57 form an integral part of these consolidated financial statements.

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	16,417,690	1,330,350
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net change in fair value of investments at FVTOCI arising during the year	10,777,677	(3,044,284)
Share of other comprehensive loss of associates and joint venture	52,293	(3,210)
	10,829,970	(3,047,494)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive income of associates and joint venture	(372,669)	7,006,336
Exchange differences arising on translation of foreign operations	6,024	52,814
	(366,645)	7,059,150
Total other comprehensive income	10,463,325	4,011,656
Total comprehensive income for the year	26,881,015	5,342,006
Attributable to:		
- Shareholders of the Parent Company	26,604,875	4,929,512
- Non-controlling interests	276,140	412,494
	26,881,015	5,342,006

The notes set out on pages 11 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2023 KD	Restated 31 Dec. 2022 KD
Assets			
Cash and cash equivalents	10	1,971,627	990,838
Assets held for sale	11	175,686	543,636
Investments at fair value through profit or loss	12	255,959	1,002,690
Receivables and other assets	13	3,046,241	3,413,735
Due from related parties	26	24,503,059	19,257,070
Investments at fair value through other comprehensive income	14	24,667,584	16,720,323
Investment properties	15	5,044,999	4,249,705
Investment in associates and joint venture	16	53,287,043	43,468,654
Equipment		10,247	2,827
Total assets		112,962,445	89,649,478
Liabilities and equity			
Liabilities			
Payables and other liabilities	17	10,980,833	13,799,968
Due to related parties	26	6,525,903	5,456,174
Due to banks	-	-	241,582
Borrowings	18	27,087,750	28,617,650
Total liabilities		44,594,486	48,115,374
Equity			
Share capital	19	26,673,255	26,673,255
Treasury shares	20	(32,757,404)	(32,757,404)
Statutory and voluntary reserves	21	35,295,508	32,757,404
Fair value reserve		15,970,101	5,616,861
Foreign currency translation reserve		(1,462,957)	(1,206,543)
Reserve for financial derivatives		10,234,191	10,347,807
Retained earnings/(accumulated losses)		9,470,542	(4,441,842)
Total equity attributable to the shareholders of the Parent Company		63,423,236	36,989,538
Non-controlling interests	6.2	4,944,723	4,544,566
Total equity		68,367,959	41,534,104
Total liabilities and equity		112,962,445	89,649,478


Saleh Saleh Al-Selmi
Vice Chairman and CEO

The notes set out on pages 11 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests		Total
	Share capital KD	Treasury shares KD	Statutory and voluntary reserves KD	Fair value reserve KD	Foreign currency translation reserve KD	Reserve for financial derivatives KD	(Accumulated losses)/ retained earnings KD	Sub – total KD	
Balance at 1 January 2023	26,673,255	(32,757,404)	32,757,404	5,616,861	(1,206,543)	10,347,807	(4,441,842)	36,989,538	41,534,104
Consolidation and other adjustments	-	-	-	-	-	-	144,483	144,483	125,850
Profit/(loss) for the year	-	-	-	-	-	-	16,452,893	16,452,893	(35,203)
Other comprehensive income/(loss)	-	-	-	10,522,012	(256,414)	(113,616)	-	10,151,982	10,463,325
Total comprehensive income/(loss) for the year	-	-	-	10,522,012	(256,414)	(113,616)	16,452,893	26,604,875	26,881,015
Share of loss on partial disposal/ acquisition of interests in subsidiaries by an associate	-	-	-	-	-	-	(405,568)	(405,568)	(2,355)
Share of non-controlling interest arising from partial disposal of a subsidiary by an associate	-	-	-	-	-	-	89,908	89,908	90,430
Gain on sale of investments at FVTOCI	-	-	-	(168,772)	-	-	168,772	-	-
Transfer to reserves	-	-	2,538,104	-	-	-	(2,538,104)	-	-
Balance at 31 December 2023	26,673,255	(32,757,404)	35,295,508	15,970,101	(1,462,957)	10,234,191	9,470,542	63,423,236	68,367,959

The notes set out on pages 11 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Equity attributable to the shareholders of the Parent Company							Non-controlling interests		Total
	Share capital KD	Treasury shares KD	Statutory and voluntary reserves KD	Fair value reserve KD	Foreign currency translation reserve KD	Reserve for financial derivatives KD	Accumulated losses KD	Sub – total KD	KD	KD
Balance at 1 January 2022	26,673,255	(32,757,404)	32,757,404	9,156,274	(2,089,817)	3,253,836	(3,990,040)	33,003,508	4,137,521	37,141,029
Profit/(loss) for the year	-	-	-	-	-	-	1,402,648	1,402,648	(72,298)	1,330,350
Other comprehensive (loss)/income	-	-	-	(3,531,309)	(35,798)	7,093,971	-	3,526,864	484,792	4,011,656
Total comprehensive (loss)/income for the year	-	-	-	(3,531,309)	(35,798)	7,093,971	1,402,648	4,929,512	412,494	5,342,006
Share of gain on partial disposal of a subsidiary by an associate	-	-	-	-	919,072	-	639,531	1,558,603	9,002	1,567,605
Share of loss arising on deemed disposal of partial interests in a subsidiary by an associate	-	-	-	-	-	-	(2,502,085)	(2,502,085)	(14,451)	(2,516,536)
Gain on disposal of investments at FVTOCI	-	-	-	(8,104)	-	-	8,104	-	-	-
Balance at 31 December 2022	26,673,255	(32,757,404)	32,757,404	5,616,861	(1,206,543)	10,347,807	(4,441,842)	36,989,538	4,544,566	41,534,104

The notes set out on pages 11 to 57 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
OPERATING ACTIVITIES			
Profit for the year before taxation		16,781,651	1,381,229
Adjustments for:			
Change in fair value of investment properties		7,511	19,409
Change in fair value of investment properties held for sale		(48,296)	-
Gain on disposal of investment properties		-	(23,532)
Share of results of associates and joint venture		(8,830,694)	(3,387,982)
Foreign exchange loss		27,818	50,369
Dividend income		(413,388)	(259,367)
(Gain)/loss on disposal of assets held for sale		(171,093)	7,213
Gain on settlement of legal case - non-cash		(3,593,565)	-
Gain on settlement of debt		(4,860,730)	-
Gain on bargain purchase		(314,458)	-
Impairment of investment in associates		-	1,339,468
Depreciation		5,045	3,792
Finance costs		995,976	1,419,272
		(414,223)	549,871
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		(564,375)	(744,223)
Receivables and other assets		367,494	819,421
Due from related parties		(587,762)	158,679
Payables and other liabilities		(946,445)	(1,050,697)
Due to related parties		1,049,150	(970,822)
Net cash used in operating activities		(1,096,161)	(1,237,771)
INVESTING ACTIVITIES			
Additions to equipment		(12,465)	-
Decrease in restricted bank balance		(1,446)	-
Proceeds from sale of investment properties		-	229,455
Proceeds from sale of investments at FVTOCI		305,310	794,639
Proceeds from sale of assets held for sale		1,221,349	305,789
Increase in term deposits maturing after three months		-	(439,000)
Dividend income received		413,388	259,367
Net cash from investing activities		1,926,136	1,150,250
FINANCING ACTIVITIES			
Increase in borrowings		7,000,000	-
Settlement of borrowings		(6,420,625)	-
Finance cost paid		(190,378)	-
Net cash from financing activities		388,997	-
Increase/(decrease) in cash and cash equivalents		1,218,972	(87,521)
Foreign currency adjustment		4,845	248,900
Cash and cash equivalents at beginning of the year	10	(36,190)	(197,569)
Cash and cash equivalents at end of the year	10	1,187,627	(36,190)
Non-cash transactions			
Investments at FVTPL		1,311,104	-
Investment in associate		(1,311,104)	-
Disposal proceed from sale of investments properties held for sale		2,139,929	-
Disposal proceed from sale of investments at FVTOCI		2,518,298	-
Due from related parties		(4,658,227)	-

The notes set out on pages 11 to 57 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities of the Parent Company

International Financial Advisors Holding – KPSC (“the Parent Company”) is a Kuwaiti Public Shareholding Company incorporated on 31 January 1974 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is listed on Boursa Kuwait and Dubai Financial Market.

The Securities Activities Licence issued by the Capital Markets Authority (“CMA”) expired on 29 March 2018 under which the Parent Company carried out certain investment activities. Management did not renew the licence. Accordingly, the CMA notified the Parent Company on 6 May 2018 that it is no longer considered a licenced entity under the CMA regulations. Consequently, the Parent Company is currently in the process of disposing the portfolios under management (Note 23).

The objectives of the Parent Company are as follows:

- Management of the Parent Company’s subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.
- Using cash surplus to invest in financial portfolios/funds managed by specialised parties.

The Parent Company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The Parent Company is authorized to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

The Group comprises the Parent Company and its subsidiaries as detailed in note 6.

The address of the Parent Company’s registered office is PO Box 4694, Safat 13047, State of Kuwait.

The Parent Company’s board of directors approved these consolidated financial statements for issue on and are subject to the approval of the general assembly of the shareholders who have the power to amend these consolidated financial statements after issuance.

2 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”).

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments - Disclosure of accounting policies	1 January 2023
IAS 8 Amendments - Definition of accounting estimates	1 January 2023
IAS 12 Amendments - Income taxes- Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IAS 12 Amendments- International Tax Reform-Pillar Two Model Rules	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023

IAS 1 Amendments and IFRS Practice Statement 2 – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of material accounting policies to assist entities to provide accounting policy disclosures that are more useful. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

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

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 amendments did not have a significant impact on the Group's consolidated financial statements.

IAS 12 Amendments – Income taxes - Deferred tax related to assets and liabilities arising from a single transaction

The amendments to IAS 12 provide an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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

IAS 12 Amendments – International Tax Reform-Pillar Two Model Rules

The amendments introduce the following:

- an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes;
- an entity applies the exception disclose that it has applied the exception immediately upon issuance of the amendments;
- a disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes;
- a disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation;

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

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

IAS 12 Amendments – International Tax Reform-Pillar Two Model Rules (continued)

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

IFRS 17 Insurance Contracts

The IASB issued IFRS 17 'Insurance Contracts' in 2017, and issued two targeted amendments in 2020 and 2021 to ease the transition to this new standard and to amend its application date. It became effective for annual periods beginning on or after 1 January 2023 and for one of the Group's subsidiaries, First Takaful Insurance Company – KPSC. It captures both insurance contracts and reinsurance contracts. The Group has restated comparative information applying the transitional provisions to IFRS 17.

This new accounting standard covers the recognition and measurement, presentation and disclosure of all types of insurance contracts regardless of the type of entity that issues them.

The overall objective of IFRS 17 is to provide transparency over revenue and costs associated with insurance activities, reflect the impact of economic changes in a timely and transparent way, and to provide more information about the current and future profitability of its insurance activities. This is achieved through measuring longer term insurance contracts using discounted probability weighted cash flows, making explicit risk adjustments, and calculating a contractual service margin (CSM) that represents the unearned profits of the contract which is recognized as revenue over the insurance contract over the coverage period.

The effects of adopting IFRS 17 on the consolidated financial statements as at 31 December 2022 are presented as follows:

	Previously reported KD	Restatement adjustment KD	Restated KD
Consolidated financial statements as at 31 December 2022:			
Accounts receivable and other assets	3,868,803	(455,068)	3,413,735
Accounts payable and other liabilities	14,255,036	(455,068)	13,799,968

The adoption of IFRS 17 did not have any impact on the net results and net assets of the Group.

3.2 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 have a material impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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 1 Amendments- Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IFRS 16 Amendments- Lease liability in a sale and leaseback	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.

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 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)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements

The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangement
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024.

Management will make required disclosures in the consolidated financial statements when the amendments become effective.

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.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 16 Amendments – Lease liability in a sale and leaseback

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

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.

4 Material accounting policies

The Material accounting policies adopted in the preparation of the consolidated financial statements are summarised below:

4.1 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for investments at fair value through profit or loss, investments at fair value through other comprehensive income and investment properties that have been measured at fair value.

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

The Group has elected to present the "statement of comprehensive income" in two statements: the "statement of profit or loss" and a "statement of profit or loss and other comprehensive income".

4.2 Basis of consolidation

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. 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.

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.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.2 Basis of consolidation (continued)

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.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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

4.3 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 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 acquire and c) acquisition-date fair value of any existing equity interest in the acquire, 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.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.4 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Joint venture is an arrangement that the Group controls jointly with one or more other investor, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate and joint venture recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Parent Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.

Distributions received from the associate and joint venture reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate and joint venture arising from changes in the equity of the associate and joint venture. Changes in the Group's share in associate's/joint venture's equity are recognised immediately in the consolidated statement of changes in equity.

When the Group's share of losses in an associate equal or exceeds its interest in the associate and joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate and joint venture.

Unrealised gains on transactions with associate are eliminated to the extent of the Group's share in the associate and joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment in associates and joint venture is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.4 Investment in associates and joint ventures (continued)

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.

4.5 Segment reporting

The Group has three operating segments: the treasury and investments, real estate and others. 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. All inter-segment transactions are carried out at arm's length prices.

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.

4.6 Revenue recognition

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

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, if any, in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.6.1 Rental income

Rental income arising from investment properties is accounted for on a straight-line basis over the lease term.

4.7 Interest income on financial assets

Interest income is recognised using the effective interest method.

4.8 Dividend income

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.9 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.

4.10 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.

4.11 Taxation

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

The contribution to KFAS is calculated at 1% of taxable profit 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.

4.11.2 *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 after deducting directors' fees for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

4.11.3 *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 Zakat regulations, no carry forward of losses to the future years or any carry back to prior years is permitted.

4.12 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its property and equipment using the straight-line method at rates sufficient to write off the assets over their estimated useful economic lives.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the consolidated statement of profit or loss and other comprehensive income.

4.13 Investment properties

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Investment properties (continued)

Investment properties are initially measured at cost. Subsequently, investment properties are revalued annually and are included in the consolidated statement of financial position at their fair values. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Any gain or loss resulting from change in the fair value or the sale of an investment property is immediately recognised in the consolidated statement of profit or loss within “change in fair value of investment properties”.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss resulting from disposal of an investment property is immediately recognised in the consolidated statement of profit or loss within “gain/loss on sale of investment properties”.

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, plant and equipment up to the date of change in use.

4.14 Leased assets

The Group as a lessee

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.

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 balance sheet measured 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).

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.14 Leased assets (continued)

Right-of-use asset (continued)

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 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.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. 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.

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.

4.15 Asset classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell; except for deferred tax assets, assets arising from employee benefits, financial assets within the scope of IFRS 9 Financial Instruments, non-current assets that are accounted for in accordance with the fair value model in IAS 40 Investment Property, non-current assets that are measured at fair value less costs to sell in accordance with IAS 41 Agriculture and groups of contracts within the scope of IFRS 17 Insurance Contract.

Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.16 Impairment testing of goodwill and non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 reduce first the carrying amount of any goodwill allocated to that asset. Any remaining impairment loss is charged pro rata to the other assets. 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 asset's recoverable amount exceeds its carrying amount.

4.17 Financial instruments

4.17.1 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 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.

A financial asset (or, where applicable a part of financial asset or part of group of similar financial assets) is primarily 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.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Financial instruments (continued)

4.17.1 *Recognition, initial measurement and derecognition (continued)*

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

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.

4.17.2 *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 (FVTOCI)
- 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.

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 (see note 4.17.3 below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4.17.3 *Subsequent measurement of financial assets*

a) *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.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Financial instruments (continued)

4.17.3 Subsequent measurement of financial assets (continued)

a) Financial assets at amortised cost (continued)

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

- Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

- Receivables and other assets

Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. Bad debts are written off as incurred.

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

- Due from related parties

Amounts receivable as a result of transactions with related parties and cash advances to related parties are included under due from related parties.

b) Financial assets at FVTOCI

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

On initial recognition, the Group may make an irrevocable election (on an instrument - by - instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI 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).

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 on de-recognition.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Financial instruments (continued)

4.17.3 Subsequent measurement of financial assets (continued)

c) Financial assets at FVTPL

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCI 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. 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 investment in equity shares. These represent investments in equity shares of various companies and include both quoted and unquoted.

4.17.4 Impairment of financial assets

All financial assets except for those at FVTPL and equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets at amortised cost or at FVTOCI.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward - looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Financial instruments (continued)

4.17.4 Impairment of financial assets (continued)

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

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

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

4.17.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include payables and other liabilities, due to related parties, due to banks and borrowings.

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

- **Financial liabilities at amortised cost**

These are stated using effective interest rate method. Payables and other liabilities, due to related parties, due to banks and borrowings are classified as financial liabilities other than at FVTPL.

- *Payables and 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.

- *Due to related parties*

Amounts due as a result of transactions with related parties and cash advances from related parties are included under due to related parties.

- *Due to banks*

Due to banks represents the portion unpaid interest payable.

- *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

4.18 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 interest rate.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Trade and settlement date accounting

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.

4.20 Offsetting of financial instruments

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

4.21 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.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 27.

4.22 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the Parent Company's Articles of Association.

Fair value reserve – comprises gains and losses relating to investments at FVTOCI.

Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD.

Reserve for financial derivatives – comprises gains and losses relating to derivative liabilities.

Retained earnings/accumulated losses include all current and prior period profits and losses.

All transactions with shareholders of the Group are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in payables and other liabilities when the dividends have been approved in a meeting of the general assembly.

4.23 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.23 Treasury shares (continued)

When the treasury shares are reissued, gains are credited to a separate account in equity, (the “gain of the sale of treasury shares reserve”), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

4.24 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 financial statements, but are disclosed when an inflow of economic benefits is probable.

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

4.25 Provision for employees’ end of service benefits

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

With respect to its Kuwaiti national employees, in addition to the end of service benefits the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees’ salaries.

4.26 Foreign currency translation

4.26.1 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 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 “available for sale” are reported as part of the cumulative change in fair value reserve within other comprehensive income.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.26 Foreign currency translation (continued)

4.26.2 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 profit or loss and are recognised as part of the gain or loss on disposal.

4.27 Fiduciary assets

Assets and related deposits held in trust or in a fiduciary capacity are not treated as assets or liabilities of the Group and accordingly are not included in these consolidated financial statements.

4.28 Related party transactions

Related parties represent board of directors, key management personnel and their close family members and other related parties such as major shareholders and companies in which board of directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control.

4.29 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.

5 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.

5.1 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:

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.1 Significant management judgments (continued)

5.1.1 *Business model assessment*

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.17). 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.

5.1.2 *Judgements in determining the timing of satisfaction of performance obligations*

The determination of the whether or not performance obligation criterial set out in IFRS 15 relating to transfer of control of goods to customers has been satisfied requires significant judgement.

5.1.3 *Business combinations*

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

5.1.4 *Fair values of assets and liabilities acquired*

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

5.1.5 *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.

5.1.6 *Significant influence*

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the company.

5.1.7 *Classification of real estate*

Management decides on acquisition of a real estate whether it should be classified as trading, or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value.

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

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimation 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.

5.2.1 *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.

An estimate of the collectible amount of financial assets at amortised costs is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

5.2.2 *Fair value of financial instruments*

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. 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.

5.2.3 *Impairment of associates and joint ventures*

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in associates and joint ventures, at each reporting date based on existence of any objective evidence that the investment in the associate and joint venture 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 joint venture and its carrying value and recognises the amount in the consolidated statement of profit or loss.

5.2.4 *Revaluation of investment properties*

The Group carries its investment property 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 valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment property may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Notes to the consolidated financial statements (continued)

6 Subsidiary companies

6.1 Details of the Group's consolidated subsidiaries which are directly owned by the Parent Company at the end of the reporting period are as follows:

Name of the subsidiary	Country of incorporation	Ownership percentage		Principal activity
		31 Dec. 2023 %	31 Dec. 2022 %	
First Takaful Insurance Company – KPSC	Kuwait	53.45	53.45	Insurance
Gulf Real Estate Co. – WLL	Kuwait	46.32	46.32	Real estate
IFA Aviation Co. – KSCC	Kuwait	74.80	74.80	Aviation
Radeem Real Estate Co. – SAL	Lebanon	99.90	99.90	Real estate
Dana Real Estate Co. – SAL	Lebanon	96.67	96.67	Real estate

The Group has pledged all of its ownership interest in First Takaful Insurance Company – KPSC against borrowings (note 18) and certain amounts due to related parties (note 26).

6.2 Subsidiaries with material non-controlling interests

The Group includes one subsidiary with material non-controlling interests (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
First Takaful Insurance Company – KPSC	46.55	46.55	(107,441)	(60,453)	4,508,388	4,177,539
Individually immaterial subsidiaries with non-controlling interests			72,238	(11,845)	436,335	367,027
			(35,203)	(72,298)	4,944,723	4,544,566

No dividends were paid to the NCI during the years 2023 and 2022.

Summarised financial information for First Takaful Insurance Company, before intragroup eliminations, is set out below:

	31 Dec. 2023 KD	Restated 31 Dec. 2022 KD
Non-current assets	6,007,376	11,149,580
Current assets	6,741,325	1,682,854
Total assets	12,748,701	12,832,434
Non-current liabilities	2,396,131	3,181,461
Current liabilities	668,231	677,322
Total liabilities	3,064,362	3,858,783
Equity attributable to the shareholders of the Parent Company	5,175,951	4,796,112
Non-controlling interests	4,508,388	4,177,539

Notes to the consolidated financial statements (continued)

6 Subsidiary companies (continued)

6.2 Subsidiaries with material non-controlling interests (continued)

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Loss for the year attributable to the shareholders of the Parent Company	(123,349)	(69,405)
Loss for the year attributable to NCI	(107,441)	(60,453)
Loss for the year	(230,790)	(129,858)
Other comprehensive income for the year attributable to the shareholders of the Parent Company	358,704	555,477
Other comprehensive income for the year attributable to NCI	312,441	483,834
Total other comprehensive income for the year	671,145	1,039,311
Total comprehensive income for the year attributable to the shareholders of the Parent Company	235,355	486,072
Total comprehensive income for the year attributable to NCI	205,000	423,381
Total comprehensive income for the year	440,355	909,453
	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Net cash flow used in operating activities	(772,870)	(537,024)
Net cash from investing activities	1,001,023	535,244
Net cash flow	228,153	(1,780)

7 Other gains and losses

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Gain on settlement of a legal case (note 7.1)	4,020,520	676,240
Gain on settlement of debt (note 7.2)	4,860,730	-
Gain/(loss) on disposal of assets held for sale (note 11)	171,093	(7,213)
Gain on bargain purchase (note 16.1)	314,458	-
Gain on disposal of investment properties	-	23,532
	9,366,801	692,559

Notes to the consolidated financial statements (continued)

7 Other gains and losses (continued)

7.1 Gain on settlement of legal case

During 1993, a case was filed in Ajman (United Arab Emirates) by a bank in Bahrain against the Parent Company and another party. The case was eventually decided against the defendants and the Parent Company was obliged to pay an amount of KD7,384,496 in 2011 to the plaintiff bank.

The Parent Company filed a case in the Sultanate of Oman against an Omani national to claim the amount the Parent Company had paid to the bank above. The case was eventually decided in favour of the Parent Company and Omani national was ordered to pay a sum of Omani Riyal 9,053,406 (equivalent KD7,212,124) plus an interest of 8% until the repayment date to the Parent Company.

Further, in November 2022, the Parent Company participated and won the auction of a property belonging to the Omani national at a value of Omani Riyal 4,500,000 (equivalent KD3,584,790) as a deduction from the amount awarded in the judgement. Further, on 5 January 2023, the Supreme Judicial Council-Execution Department ordered Real Estate Registry Department-Oman to work on transferring title of the property in the name of the Parent Company.

On 4 June 2023, the Real Estate Registry Department-Oman transferred the title deed of the property in the name of a newly established Omani company. The shareholders of this company have confirmed that the ownership of the company as well as the underlying assets including the real estate property are held in favour of the Parent Company. The Parent Company has recorded this as investment property at the auction value of Omani Riyal 4,500,000 (equivalent KD3,593,565) and recorded a gain of the same amount in the consolidated statement of profit or loss. Further, during the year, the Parent Company received amounts aggregating KD426,955 (during the previous year amounts aggregating to KD676,240 up to 31 December 2022) towards the above judgement award.

7.2 Gain on settlement of debt

During the year, the Parent Company reached a final settlement agreement with the local bank and the bank waived off related balances of KD4,860,730 which was recorded as a gain on settlement of debt (note 18).

8 Taxation

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Provision charge for KFAS	25,848	-
Provision charge for Zakat	77,167	14,537
Provision charge for National Labour Support Tax (NLST)	260,946	36,342
	363,961	50,879

Notes to the consolidated financial statements (continued)

9 Basic and diluted earnings per share attributable to the shareholders of the Parent Company

Basic and diluted earnings per share attributable to the shareholders of the Parent Company is calculated by dividing the profit for the year attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the year, excluding treasury shares.

	Year ended 31 Dec. 2023	Year ended 31 Dec. 2022
Profit for the year attributable to the shareholders of the Parent Company (KD)	16,452,893	1,402,648
Weighted average number of shares outstanding during the year (shares)	249,279,883	249,279,883
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (Fils)	66.00	5.63

10 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise of the following:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Cash and bank balances	1,532,627	551,838
Term deposits (a)	439,000	439,000
	1,971,627	990,838
Less: restricted balance (note 18)	(345,000)	(346,446)
Less: deposits maturing after more than three months	(439,000)	(439,000)
Less: due to banks	-	(241,582)
Cash and cash equivalents as per consolidated statement of cash flows	1,187,627	(36,190)

- a) This represents deposit placements with a local bank having original maturity of more than three months and carry effective annual profit rates ranging between 3.75% and 4.375% (2022: between 3.75% and 4.25%).

11 Assets held for sale

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at beginning of the year	543,636	-
Transferred from investment properties (note 15)	2,791,939	856,638
Disposals	(3,208,185)	(313,002)
Change in fair value of investment properties held for sale	48,296	-
	175,686	543,636

- a) During 2022, the Group classified three investment properties amounting to KD856,638 as Assets Held for Sale upon meeting the criteria for recognition as non-current assets held for sale. One of the properties was sold in the previous year. During the year, the Group sold the remaining properties for KD540,736 resulting into a loss of KD2,900.

Notes to the consolidated financial statements (continued)

11 Assets held for sale (continued)

- b) During the year, the Group classified investment properties amounting to KD2,791,939 as Assets Held for Sale upon meeting the criteria for recognition as non-current assets held for sale. Subsequently, the Group signed an agreement with a related party to dispose assets held for sale with a carrying value of KD3,208,185 for a consideration of KD3,379,278 resulting into a gain of KD171,093.

12 Investments at fair value through profit or loss

	31 Dec. 2023 KD	31 Dec. 2022 KD
Local quoted securities	155,593	90,691
Local unquoted securities	100,366	167,922
Foreign unquoted securities	-	744,077
	255,959	1,002,690

Investments at FVTPL aggregating to KD98,510 (31 December 2022: KD169,639) are pledged against borrowing (note 18) and certain amounts due to related parties (note 26).

13 Receivables and other assets

	31 Dec. 2023 KD	Restated 31 Dec. 2022 KD
Financial assets:		
Accounts receivable	21,887	11,475
Staff receivables	53,965	36,944
Qard Hassan to policyholders' fund	2,396,131	2,593,938
Accrued income	164,611	164,611
Others	-	339,612
Total financial assets	2,636,594	3,146,580
Non-financial assets:		
Prepaid expenses	134,582	134,582
Others	275,065	132,573
Total non-financial assets	409,647	267,155
	3,046,241	3,413,735

14 Investments at fair value through other comprehensive income

	31 Dec. 2023 KD	31 Dec. 2022 KD
Local quoted securities	21,758,828	11,650,659
Foreign quoted securities	3,590	5,895
Local unquoted securities	10,506	10,506
Foreign unquoted securities	2,891,244	5,043,702
Managed funds	3,416	9,561
	24,667,584	16,720,323

Notes to the consolidated financial statements (continued)

14 Investments at fair value through other comprehensive income (continued)

- a) These investments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these investments as at FVTOCI as it believes that recognising short-term fluctuations in the fair value of these financial assets in the consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these financial assets for long-term purposes and realising their performance potential in the long run.
- b) During the year, one of the Group's subsidiaries signed an agreement with a related party to dispose foreign unquoted securities with a carrying value of KD193,290 for a total consideration of KD305,310, resulting into a gain of KD112,020 recognised in the consolidated statement of changes in equity.
- b) During the year, one of the Group's subsidiaries signed an agreement with a related party to dispose foreign unquoted securities with a carrying value of KD2,310,006 for a consideration of KD2,833,867 due over four years and discounted to KD2,518,298 resulting into a gain of KD208,292 recognised in the consolidated statement of changes in equity.
- c) Investments at fair value through other comprehensive income with an aggregate carrying value of KD21,758,500 (31 December 2022: KD11,650,397) are pledged against borrowings (note 18).

The Group's investments at FVTOCI disaggregated by sectors are as follows:

	Financial services KD	Others KD	Total KD
31 December 2023			
Local quoted securities	21,758,828	-	21,758,828
Foreign quoted securities	-	3,590	3,590
Local unquoted securities	-	10,506	10,506
Foreign unquoted securities	-	2,891,244	2,891,244
Managed funds	3,416	-	3,416
	21,762,244	2,905,340	24,667,584
31 December 2022			
Local quoted securities	11,650,659	-	11,650,659
Foreign quoted securities	-	5,895	5,895
Local unquoted securities	-	10,506	10,506
Foreign unquoted securities	-	5,043,702	5,043,702
Managed funds	9,561	-	9,561
	11,660,220	5,060,103	16,720,323

Notes to the consolidated financial statements (continued)

15 Investment properties

The movement in investment properties is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at the beginning of the year	4,249,705	5,319,031
Arising on settlement of legal case (note 7.1)	3,593,565	-
Change in fair value arising during the year	(7,511)	(19,409)
Disposals during the year	-	(205,923)
Transferred to assets held for sale (note 11)	(2,791,939)	(856,638)
Foreign currency adjustment	1,179	12,644
Balance at end of the year	5,044,999	4,249,705

Investment properties owned by a subsidiary with an aggregate carrying value of KD Nil (2022: KD2,791,939) are in the name of a related party since the subsidiary is currently unable to transfer the ownership of those properties in its name (pending amendment of its articles of association). The related party has signed a letter of assignment stating that it is holding these properties on behalf of the subsidiary until all the legal formalities are completed to transfer the title deeds of the properties.

Details of fair valuation of investment properties are disclosed in note 27.3.

16 Investment in associates and joint venture

	31 Dec. 2023 KD	31 Dec. 2022 KD
Investment in associates (16.1)	27,512,845	20,301,871
Investment in joint venture (16.2)	25,774,198	23,166,783
	53,287,043	43,468,654

16.1 Investment in associates

The details of the associates are as follows:

Company name	Principal activities	Country of incorporation	31 Dec. 2023 %	31 Dec. 2022 %
IFA Hotels and Resorts Co.– KPSC	Hotel operations and real estate development	Kuwait	43.71	43.71
Zamzam Religious Tourism Co. – KSCC	Haj & Umrah services	Kuwait	20	20
Weqaya Takaful Insurance and Reinsurance Company-SSC (Quoted) (a)	Insurance	Saudi Arabia	20	20
First Financial Holding Company	Financial services	Kuwait	48	48
Addax -BSC (Closed)	Investments	Bahrain	30.29	-

Notes to the consolidated financial statements (continued)

16 Investment in associates and joint venture (continued)

16.1 Investment in associates (continued)

The movement of the investment in associates is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Carrying value at the beginning of the year	20,301,871	21,420,655
Additions (b)	1,625,564	-
Impairment	-	(1,339,468)
Share of results	6,109,663	1,262,428
Share of other comprehensive income	(206,760)	(92,813)
Share of loss accounted for directly in equity by associates	(317,493)	(948,931)
	27,512,845	20,301,871

- a) The Group has discontinued to recognise its share of further losses of Weqaya Takaful Insurance and Reinsurance Company and the investment is stated at a carrying value of KD1 from 1 April 2014 in accordance with IAS-28. The Group's share of unrecognised losses of the associate and its fair value as at 31 December 2023 cannot be determined because the associate's shares have been delisted from trading since 3 June 2014. If the associate subsequently reports profit, the Group will resume recognising its share of these profits only after its share of profits equal the share of losses not recognised.
- b) At the beginning of the year, the Group owned 30.29% of the shares in Addax-BSC (Closed) ("Addax") and accounted for its investment under investments at fair value through profit or loss as it concluded it did not exercise any significant influence over the investee. During the year, the Group appointed one of the board members as its representative, and accordingly, determined that it has significant influence over the investee's operations and reclassified the investment at fair value through profit or loss to investment in associate.

	KD
Fair value of interest in Addax	1,311,106
Less: proportionate ownership in the net assets of Addax	1,625,564
Gain on bargain purchase	314,458

The fair value of identifiable assets and liabilities have been provisionally determined by the management of the Group. The estimates referred above, and resultant bargain purchase, are subject to revision within twelve months of the acquisition date.

- c) Investment in associates include investment in a foreign associate with a carrying value of KD1,634,338 which has been accounted for, using management accounts for the year ended 31 December 2023.
- d) Investment in associates amounting to KD24,707,990 (31 December 2022: KD19,224,108) is pledged against the borrowings (note 18).
- e) Summarised financial information of Group's material associates is set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates and not the Group's share of these amounts adjusted for differences in accounting policies between the Group and its associates.

Notes to the consolidated financial statements (continued)

16 Investment in associates and joint venture (continued)

16.1 Investment in associates (continued)

IFA Hotels and Resorts Co.– KPSC:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Non-current assets	173,526,764	146,565,208
Current assets	33,351,489	51,904,859
Total assets	206,878,253	198,470,067
Non-current liabilities	65,230,484	58,615,676
Current liabilities	89,476,970	103,035,730
Total liabilities	154,707,454	161,651,406
Net assets attributable to the owner of the Parent Company	18,048,862	5,367,223
Non-controlling interests	34,121,937	31,451,438
	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Income	42,003,249	39,618,309
Profit for the year	16,140,925	3,974,843
Other comprehensive loss for the year	(550,322)	(154,670)
Total comprehensive income for the year	15,590,603	3,820,173

Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is given below:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Group's ownership interest (%)	43.71	43.71
Net assets of the associate	18,048,862	5,367,223
Group's share of net assets	7,889,205	2,346,028
Goodwill	17,197,045	17,197,045
Carrying amount	25,086,250	19,543,073
Market price	64,105,558	7,661,749

No dividends were received from IFAHR during the years 2023 and 2022.

Notes to the consolidated financial statements (continued)

16 Investment in associates and joint venture (continued)

16.2 Investment in joint venture

The details of the joint venture are as follows:

Company name	Principal activities	Country of incorporation	31 Dec. 2023 %	31 Dec. 2022 %
Um-Al-Hayman Holding Company – WLL	Holding/investment	Kuwait	50	50

The movement of the investment in joint venture is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Carrying value at the beginning of the year	23,166,783	13,947,259
Share of results	2,721,031	2,125,553
Share of other comprehensive (loss)/income	(113,616)	7,093,971
	25,774,198	23,166,783

- The carrying value represents the Group's share of the net assets of the joint venture.
- Investment in joint venture is pledged against the borrowing facilities obtained to finance the underlying project (note 24b).

17 Payables and other liabilities

	31 Dec. 2023 KD	Restated 31 Dec. 2022 KD
Accounts payable and accruals	1,538,631	3,690,642
Dividend payable	48,442	48,442
Provisions for taxation (a)	5,420,188	5,932,083
Provision for employees' end of service benefits and leave	508,404	607,061
Due to policyholders	413,568	587,523
Policyholders' deficit reserve	2,396,131	2,593,938
Other liabilities	655,469	340,279
	10,980,833	13,799,968

- Provision for taxation includes provision for KFAS charged during the year amounting to KD25,848 (31 December 2022: Nil).

The Parent Company's management believes that the legislature has not issued a law on the contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and thus it is not a tax. KFAS is a private institution in accordance with the law. There is no provision in the Companies' Law or in the company's memorandum of association and article of association obligating the Company to apply this deduction. In spite of the above, the Ministry of Commerce and Industry (MOCI) has recently issued instructions requiring inclusion of this deduction until it is approved to hold the general assembly.

Therefore, the Parent Company's management decided to charge a provision as a precautionary procedure only even though it believes no amount is due from the Parent Company, particularly because the MOCI had issued similar instructions which were previously reversed.

Notes to the consolidated financial statements (continued)

18 Borrowings

The details of borrowings of the Group are as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Borrowings denominated in Kuwaiti Dinar (note 18.1, 18.2)	6,995,625	8,555,000
Borrowings denominated US Dollar (note 18.3)	20,092,125	20,062,650
	27,087,750	28,617,650

18.1) At 31 December 2022, the borrowing amounting to KD8,555,000 was due to a local bank for which the contract matured on 31 December 2019. During a previous year, the Group entered into legal dispute with the bank for the settlement of the amounts due.

During the year, the Parent Company reached a final settlement agreement with the bank and on 16 July 2023 settled the debt by way of repayment of an amount of KD6,416,250 in cash and the bank waived off the remaining principal amounting to KD2,138,750, due to bank balance amounting to KD241,582 and related accrued interest amounting to KD2,480,398. This has resulted in reduction of aggregate liability to the bank by KD4,860,730 which was recorded as a gain on settlement of debt in the consolidated statement of profit or loss.

18.2) During the year, the Group obtained a Murabaha facility from a local Islamic bank of KD7,000,000 carrying a profit rate of 1.75% above the Central Bank of Kuwait discount rate. The facility is payable in 6 annual instalments beginning 1 July 2025.

18.3) The loan denominated in the US Dollar was obtained from Al-Nozha Al-Dawliya Real Estate Company WLL ("Al Nozha"), a related party, carrying annual interest rate of 1.5%. The loan is repayable in four annual equivalent instalments of USD3,275,000 (equivalent to KD1,003,132) beginning 31 March 2021 ending on 31 March 2024 and with final instalment of USD52,400,000 (equivalent to KD16,050,120) to be repaid on 31 March 2025. The loan is secured by shares of the Parent Company, shares of associates and investments at FVTOCI. In accordance with the contractual terms and conditions of the loan, an instalment of USD9,825,000 (equivalent to KD3,009,397) was due on 31 December 2023. However, the Group applied for an extension to postpone the instalment which was approved by the related party till 30 September 2024.

19 Share capital

The authorised, issued and paid up share capital of the Parent Company comprised of 266,732,550 shares of 100 Fils each, all fully paid (31 December 2022: 266,732,550 shares of 100 Fils each).

Subsequent event

Subject to the approval of the shareholders in their forthcoming general assembly, the board of directors of the Parent Company in their meeting held on 19 March 2024, proposed to increase the share capital of the Parent Company from KD26,673,255 comprising of 266,732,550 ordinary shares to KD42,677,208 comprising of 426,772,080 ordinary shares. The issuance of shares will bear a nominal value of 100 fils, and a premium of 50 fils.

Notes to the consolidated financial statements (continued)

20 Treasury shares

	31 Dec. 2023	31 Dec. 2022
Number of treasury shares (shares)	17,452,667	17,452,667
Percentage of treasury shares to paid up capital (%)	6.54	6.54
Cost (KD)	32,757,404	32,757,404
Market Value (KD)	5,357,969	1,729,559

The reserves of the Parent Company to the extent of the cost of the treasury shares have been earmarked as non-distributable.

21 Statutory and voluntary reserves

	31 Dec. 2023 KD	31 Dec. 2022 KD
Statutory reserve	32,134,970	30,865,918
Voluntary reserve	3,160,538	1,891,486
	35,295,508	32,757,404

Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat provision, NLST provision and directors' remuneration is to be transferred to statutory reserve. No transfer is required in a year when losses are made or where cumulative losses exist. The Parent Company may resolve to discontinue such annual transfer when the reserve equals or exceeds 50% of the paid-up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

Voluntary reserve

In accordance with the Parent Company's Articles of Association, 10% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat provision, NLST provision and directors' remuneration is to be transferred to voluntary reserve. The Parent Company may resolve to discontinue such transfers by a resolution of the Parent Company's Board of Directors. There are no restrictions on distribution of voluntary reserve.

No transfer to reserves is required in a year when losses are incurred or when cumulative losses exist.

22 Fiduciary accounts

The Parent Company previously managed portfolios on behalf of others, mutual funds and maintains cash balances and securities in fiduciary accounts, which were not reflected in the consolidated statement of financial position. However, as a result of the change of the legal status of the Parent Company to a holding company, it is no longer allowed to manage portfolios. The existing portfolio balance is either currently being disposed of or transferred to other entities. Assets under management on 31 December 2023 amounted to KD3,744,302 (31 December 2022: KD1,565,233). The Group earned a management fee of KD Nil (31 December 2022: KD Nil) from these activities.

Notes to the consolidated financial statements (continued)

23 Annual general assembly

The board of directors of the Parent Company proposed to issue 12.5% bonus shares for the year ended 31 December 2023. This proposal is subject to the approval of the Parent Company's shareholders at the Annual General Assembly.

The ordinary General Assembly of the shareholders of the Parent Company held on 30 May 2023 approved the consolidated financial statements for the year ended 31 December 2022, the directors' proposal not to distribute dividends for the year ended 31 December 2022

Further, the shareholders rejected the board of directors' proposal not to distribute remuneration for the board of directors. The shareholders approved by the majority of attendees board of directors' remuneration of KD30,000 for the year ended 31 December 2022 which has been expensed in the consolidated statement of profit or loss for the current period under "Other operating expenses and charges".

24 Capital commitments and contingent liabilities

(a) The Group has the following commitments:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Group's share of associates' commitments:		
Estimated and contracted capital expenditure for construction of properties under development and trading properties	1,712	33,451
Finance guarantees	2,738	2,625
Post-dated cheques issued	-	280,711
Group's share of joint venture's commitments		
Group's share of engineering, procurement and construction agreement of a plant in an underlying project of a joint venture	35,439,997	43,568,754
Group's share of future land lease payments in an underlying project of a joint venture	4,013,333	4,173,333

The Group expects to finance the future expenditure commitments from the following sources:

- Sale of investment properties
- Share capital increase
- Advances provided by the shareholders, related entities and joint ventures
- Borrowings, if required

(b) The Group has the following contingent liabilities:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Contingent liabilities		
Corporate guarantee of borrowings by joint venture	9,804,594	9,804,594
Group's share of guarantee provided by a joint venture	16,588,065	27,603,633

Notes to the consolidated financial statements (continued)

25 Segmental information

The Group's activities are concentrated in four main segments: treasury and investments, and real estate. The segments' results are reported to the higher management in the Group. In addition, the segments revenue, assets are reported based on the geographic locations which the Group operates in. The following is the segments information, which conforms with the internal reporting presented to management.

	Treasury and Investments		Real Estate		Unallocated		Total	
	31 Dec. 2023 KD	31 Dec. 2022 KD	31 Dec. 2023 KD	31 Dec. 2022 KD	31 Dec. 2023 KD	31 Dec. 2022 KD	31 Dec. 2023 KD	31 Dec. 2022 KD
Segment income	10,122,913	4,391,570	252,132	25,736	8,971,347	908,666	19,346,392	5,325,972
Profit/(loss) for the year before taxation	8,811,429	1,632,830	252,132	25,736	7,718,090	(277,337)	16,781,651	1,381,229
Impairment of associates							-	1,339,468
Finance costs							995,976	1,419,272
Taxation							363,961	50,879
Total segmental assets	80,182,213	62,182,504	5,230,932	4,796,168	-	-	85,413,145	66,978,672
Total segmental liabilities	(27,087,750)	(28,859,232)	-	-	-	-	(27,087,750)	(28,859,232)
Net segmental assets	53,094,463	33,323,272	5,230,932	4,796,168	-	-	58,325,395	38,119,440
Unallocated assets							27,549,300	23,125,874
Unallocated liabilities							(17,506,736)	(19,711,210)
Net assets							68,367,959	41,534,104

Geographical information:

	Assets		Income	
	31 Dec. 2023 KD	31 Dec. 2022 KD	31 Dec. 2023 KD	31 Dec. 2022 KD
Kuwait	84,860,775	64,861,486	14,791,513	4,554,614
GCC and Asia	28,101,670	25,213,468	4,554,879	771,358
Others	-	29,592	-	-
	112,962,445	90,104,546	19,346,392	5,325,972

Notes to the consolidated financial statements (continued)

26 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Group and their close family members, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note.

Details and transactions with related parties are as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balances included in the consolidated statement of financial position:		
Due from related parties (a)		
- Due from associates	22,104,082	16,832,957
- Due from related parties (included within other assets)	12,646	72,863
- Due from other related parties	2,398,977	2,424,113
	24,515,705	19,329,933
Due to related parties (b and c)		
- Due to other related parties	6,525,903	5,456,174
Receivables and other assets	164,611	164,611
Borrowings	20,092,125	20,062,650
a) Due from related parties are non-interest bearing and have no specific repayment terms.		
b) Due to related parties include balance amounting to KD433,284 (31 December 2022: KD433,284) which carries interest at 4.75% (31 December 2022: 4.75%) per annum and is payable on 30 June 2024. The remaining balances of KD6,092,620 (31 December 2022: KD5,022,890) are non-interest bearing and have no specific repayment terms.		
c) The Group has pledged part of its equity interest in First Takaful Insurance Company – KPSC, a subsidiary, against certain amounts due to related parties (note 6).		
	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Transactions included in the consolidated statement of profit or loss:		
Dividend income	413,388	259,367
Other income	26,000	266,734
Gain on disposal of assets held for sale	171,093	-
Other operating expenses and charges *	369,022	84,815
Finance costs	326,337	326,340
Key management compensation:		
Short-term benefits	367,479	227,474
Directors' remuneration (included in operating expenses and charges)	30,000	-
Consolidated statement of changed in equity:		
Gain on sale of investment at FVTOCI (included within equity)	168,772	8,104

* This includes KD268,543 paid by one of the subsidiaries to compensate the legal claim charges incurred by the directors as representative of the subsidiary in one of the associates.

Notes to the consolidated financial statements (continued)

26 Related party transactions and balances (continued)

** Assets held for sale of KD175,686 (31 December 2022: KD543,636), investments at fair value through profit or loss of KD2,891,244 (31 December 2022: KD5,043,700) and investment properties of KD Nil (31 December 2022: 2,791,939) are held in the name of related parties.

27 Fair value measurement

27.1 Fair value hierarchy

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.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position 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:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

27.2 Fair value measurement of financial instruments

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

	31 Dec. 2023 KD	Restated 31 Dec. 2022 KD
Financial assets:		
At amortised cost:		
- Cash and cash equivalents	1,971,627	990,838
- Receivables and other assets (note 13)	2,636,594	3,146,580
- Due from related parties	24,503,059	19,257,070
At fair value:		
- Investments at fair value through profit or loss	255,959	1,002,690
- Investments at fair value through other comprehensive income	24,667,584	16,720,323
	54,034,823	41,117,501
Financial liabilities:		
At amortised cost:		
- Payables and other liabilities	10,980,833	13,799,968
- Due to related parties	6,525,903	5,456,174
- Due to banks	-	241,582
- Borrowings	27,087,750	28,617,650
	44,594,486	48,115,374

Management considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortised cost, approximate their fair values.

Notes to the consolidated financial statements (continued)

27 Fair value measurement (continued)

27.2 Fair value measurement of financial instruments (continued)

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 on a recurring basis in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2023					
Investments at FVTPL					
<i>Investments held for trading:</i>					
Local quoted securities	a	155,593	-	-	155,593
Local unquoted securities	b	-	-	100,366	100,366
Foreign unquoted securities	c	-	-	-	-
Investments at FVTOCI					
Local quoted securities	a	21,758,828	-	-	21,758,828
Foreign quoted securities	a	3,590	-	-	3,590
Managed funds	c	-	3,416	-	3,416
Local unquoted securities	b	-	-	10,506	10,506
Foreign unquoted securities	b	-	-	2,891,244	2,891,244
		21,918,011	3,416	3,002,116	24,923,543
31 December 2022					
Investments at FVTPL					
<i>Investments held for trading:</i>					
Local quoted securities	a	90,691	-	-	90,691
Local unquoted securities	b	-	-	167,922	167,922
Foreign unquoted securities	c	-	-	744,077	744,077
Investments at FVTOCI					
Local quoted securities	a	11,650,659	-	-	11,650,659
Foreign quoted securities	a	5,895	-	-	5,895
Managed funds	c	-	9,561	-	9,561
Local unquoted securities	b	-	-	10,506	10,506
Foreign unquoted securities	b	-	-	5,043,702	5,043,702
		11,747,245	9,561	5,966,207	17,723,013

There have been no significant transfers between levels 1 and 2 during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted securities

All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Unquoted securities

The consolidated financial statements include investments in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

Notes to the consolidated financial statements (continued)

27 Fair value measurement (continued)

27.2 Fair value measurement of financial instruments (continued)

Measurement at fair value (continued)

c) Investment in managed funds

Investment funds managed by other mainly comprise of unquoted units and the fair value of these units has been determined based on net assets values reported by the fund manager as of the reporting date.

Level 3 fair value measurements

The Group's financial assets classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Investments at FVTPL:		
Balance at the beginning of the year	911,999	138,921
Reclassified to investment in associate	(1,311,106)	-
Gains or losses recognised in:		
- Consolidated statement of profit or loss	499,473	773,078
Balance at the end of the year	100,366	911,999
Investments at FVTOCI:		
Balance at the beginning of the year	5,054,208	4,809,530
Disposals	(2,310,006)	(779,476)
Gains or losses recognised in:		
- Other comprehensive income	157,548	1,024,154
Balance at the end of the year	2,901,750	5,054,208

27.3 Fair value measurement of non-financial assets

The Group also measures non-financial assets such as investment properties at fair value at each annual reporting date. The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2023				
Investment properties				
Land in Jordan	-	-	313,690	313,690
Land in UAE	-	-	334,059	334,059
Buildings in Oman	-	-	3,593,565	3,593,565
Buildings in Lebanon	-	-	803,685	803,685
	-	-	5,044,999	5,044,999
31 December 2022				
Investment properties				
Land in Jordan	-	-	321,645	321,645
Land in UAE	-	-	333,615	333,615
Apartments in UAE	-	-	2,791,939	2,791,939
Buildings in Lebanon	-	-	802,506	802,506
	-	-	4,249,705	4,249,705

Notes to the consolidated financial statements (continued)

27 Fair value measurement (continued)

27.3 Fair value measurement of non-financial assets (continued)

The fair value of the investment properties has been determined based on valuations obtained from independent valuers, who are specialised in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management.

The fair value of investment properties was determined using the market comparison approach. The market approach reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances, current use and construction costs.

The non-financial assets within level 3 can be reconciled from beginning to ending balances as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Investment properties:		
Balance at the beginning of the year	4,249,705	5,319,031
Additions on settlement of legal case	3,593,565	-
Disposal	-	(205,923)
Transfer to assets held for sale	(2,791,939)	(856,638)
Gains or losses recognised in consolidated statement of profit or loss:		
- Change in fair value	(7,511)	(19,409)
Foreign currency translation differences	1,179	12,644
Balance at the end of the year	5,044,999	4,249,705
Total amount included in the consolidated statement of profit or loss for unrealised gain on level 3 assets	493,141	766,313

28 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: market risks (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk.

The board of directors of the Parent Company is ultimately responsible for setting out risk strategies and objectives and policies for their management. The Group's risk management is carried out by the central risk management function and focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance through internal risk reports which analyse exposures by degree and magnitude of risks. Long term financial investments are managed to generate lasting returns.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The most significant financial risks to which the Group is exposed to are described below.

28.1 Market risk

a) Foreign currency risk management

The Group mainly operates in the GCC and other Middle Eastern countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to UAE Dirham, Euro and US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Notes to the consolidated financial statements (continued)

28 Risk management objectives and policies (continued)

28.1 Market risk (continued)

a) Foreign currency risk management (continued)

To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored and forward exchanged contracts are entered into in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Where the amounts to be paid and received in specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward foreign contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other foreign currency transactions.

The Group had the following significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate at year end:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Euro	17,705	16,960
US Dollar	(20,942,858)	(20,618,920)
UAE Dirhams	14,582,148	14,562,941

If the Kuwaiti Dinar had strengthened/weakened against the foreign currencies by 5% (2022: 5%), then this would have the following impact on the loss for the year. There is no impact on the Group's equity.

	Profit for the year	
	31 Dec. 2023 KD	31 Dec. 2022 KD
Euro	±885	± 848
US Dollar	±1,047,143	± 1,030,946
UAE Dirhams	±729,107	± 728,147

The above percentages have been determined based on the average foreign exchange rates in the previous twelve months.

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to its borrowings which are both at fixed rate and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Positions are monitored regularly to ensure positions are maintained within established limits.

Notes to the consolidated financial statements (continued)

28 Risk management objectives and policies (continued)

28.1 Market risk (continued)

b) Interest rate risk (continued)

The following table illustrates the sensitivity of the (loss)/profit for the year to a reasonably possible change in interest rates of + 1% and – 1% (31 December 2022: + 1% and –1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition. The calculations are based on the Group's financial instruments held at each date of the consolidated statement of financial position. All other variables are held constant. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

	Year ended 31 Dec. 2023		Year ended 31 Dec. 2022	
	+ 1 % KD	-1 % KD	+ 1 % KD	-1 % KD
Profit for the year	275,210	(275,210)	290,509	(290,509)

c) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments, which are primarily located in Kuwait. Equity investments are classified as investments at FVTOCI and investments at FVTPL.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 5% higher, the effect on the equity for the years ended 31 December 2023 and 2022 would have been as follows.

	Profit for the year		Other comprehensive income	
	31 Dec. 2023 KD	31 Dec. 2022 KD	31 Dec. 2023 KD	31 Dec. 2022 KD
Investments at FVTPL	±12,798	± 50,135	-	-
Investments at FVTOCI	-	-	±1,233,379	±836,016
	±12,798	± 50,135	±1,233,379	±836,016

For a 5% decrease in the equity prices, there would be an equal and opposite impact on the equity for the year, and balances shown above would be negative.

28.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities. It also obtains security when appropriate.

Notes to the consolidated financial statements (continued)

28 Risk management objectives and policies (continued)

28.2 Credit risk (continued)

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the date of the consolidated statement of financial position, as summarized below:

	31 Dec. 2023 KD	Restated 31 Dec. 2022 KD
Bank balances	1,971,627	990,838
Receivables and other assets (note 13)	2,636,594	3,146,580
Due from related parties	24,503,059	19,257,070
	29,111,280	23,394,488

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

Bank balances are maintained with high credit quality financial institutions.

In respect of receivables and other assets, the Group is not exposed to any significant credit risk exposure to any single counterparty.

The credit risk for the amounts due from related parties and advance for investments is considered low by management as the counterparties are reputable Group companies with no history of default. Accordingly, based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group.

Information on other significant concentrations of credit risk is set out in note 27.3.

28.3 Concentration of assets

The Group operates in different geographical areas. The distribution of financial assets by geographic region is as follows:

	Middle East KD	Asia KD	Europe KD	Total KD
At 31 December 2023				
Cash and cash equivalents	1,971,627	-	-	1,971,627
Investments at fair value through profit or loss	255,959	-	-	255,959
Receivables and other assets	2,636,594	-	-	2,636,594
Due from related parties	24,503,059	-	-	24,503,059
Investments at FVTOCI	24,664,168	-	3,416	24,667,584
	54,031,407	-	3,416	54,034,823

Notes to the consolidated financial statements (continued)

28 Risk management objectives and policies (continued)

28.3 Concentration of assets (continued)

	Middle East KD	Asia KD	Europe KD	Total KD
At 31 December 2022 - Restated				
Cash and cash equivalents	990,838	-	-	990,838
Investments at fair value through profit or loss	1,002,690	-	-	1,002,690
Receivables and other assets	3,146,580	-	-	3,146,580
Due from related parties	19,257,070	-	-	19,257,070
Investments at FVTOCI	16,710,762	-	9,561	16,720,323
	41,107,940	-	9,561	41,117,501

28.4 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

	On demand KD	Up to 1 year KD	Over 1 year KD	Total KD
31 December 2023				
Financial liabilities				
Payables and other liabilities	-	7,737,333	3,243,500	10,980,833
Due to related parties	-	6,092,619	433,284	6,525,903
Borrowings	-	4,018,425	23,069,325	27,087,750
	-	17,848,377	26,746,109	44,594,486
31 December 2022 - Restated				
Financial liabilities				
Payables and other liabilities	-	10,039,076	3,760,892	13,799,968
Due to related parties	-	5,022,890	433,284	5,456,174
Due to banks	241,582	-	-	241,582
Borrowings	8,555,000	3,618,800	17,724,306	29,898,106
	8,796,582	18,680,766	21,918,482	49,395,830

Notes to the consolidated financial statements (continued)

28 Risk management objectives and policies (continued)

28.4 Liquidity risk management (continued)

Maturity profile of assets and liabilities at 31 December 2023:

	Within 1 year KD	Over 1 year KD	Total KD
31 December 2023			
Assets			
Cash and cash equivalents	1,971,627	-	1,971,627
Assets held for sale	175,686	-	175,686
Investments at fair value through profit or loss	255,958	-	255,958
Receivables and other assets	650,111	2,396,131	3,046,242
Due from related parties	24,503,059	-	24,503,059
Investments at FVTOCI	-	24,667,584	24,667,584
Investment properties	-	5,044,999	5,044,999
Investment in associates and joint venture	-	53,287,043	53,287,043
Property and equipment	-	10,247	10,247
	27,556,441	85,406,004	112,962,445
Liabilities			
Payables and other liabilities	7,737,333	3,243,500	10,980,833
Due to related parties	6,092,619	433,284	6,525,903
Borrowings	4,018,425	23,069,325	27,087,750
	17,848,377	26,746,109	44,594,486

Maturity profile of assets and liabilities at 31 December 2022:

	Within 1 year KD	Over 1 year KD	Total KD
31 December 2022- Restated			
Assets			
Cash and cash equivalents	990,838	-	990,838
Assets held for sale	543,636	-	543,636
Investments at fair value through profit or loss	1,002,690	-	1,002,690
Receivables and other assets	819,797	2,593,938	3,413,735
Due from related parties	19,257,070	-	19,257,070
Investments at FVTOCI	-	16,720,323	16,720,323
Investment properties	-	4,249,705	4,249,705
Investment in associates and joint venture	-	43,468,654	43,468,654
Property and equipment	-	2,827	2,827
	22,614,031	67,035,447	89,649,478
Liabilities			
Payables and other liabilities	10,039,076	3,760,892	13,799,968
Due to related parties	5,022,890	433,284	5,456,174
Due to banks	241,582	-	241,582
Borrowings	11,564,397	17,053,253	28,617,650
	26,867,945	21,247,429	48,115,374

Notes to the consolidated financial statements (continued)

29 Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of the following:

Gearing ratio

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

	31 Dec. 2023 KD	31 Dec. 2022 KD
Debt (a)	27,087,750	28,617,650
Cash and cash equivalents (note 10)	(1,187,627)	(36,190)
Net debt	25,900,123	28,581,460
Equity (b)	68,367,959	41,534,104
Net debt to equity ratio	38%	68%

- Debt is defined as long- and short-term borrowings.
- Equity includes all capital and reserves of the Group.

30 Comparative information

Certain comparative figures have been restated as a result of adopting IFRS 17 (note 3.1) and certain amounts reclassified in the consolidated financial statements. The restatement did not affect previously reported net equity and net results for the period or net decrease in cash and cash equivalents.

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