

Ekttitab Holding Company
K.S.C. (Public)
And its subsidiaries
State of Kuwait
Consolidated financial statements
For the year ended December 31, 2023
With
Independent auditors' report

AL- WAHA AUDITING OFFICE
MEMBER OF NEXIA INTERNATIONAL (ENGLAND)

**Ekttitab Holding Company
K.S.C. (Public)
And its Subsidiaries
State of Kuwait
Consolidated financial statements for the year ended December 31, 2023**

<u>Contents</u>	<u>Page</u>
Independent auditors' report	1-4
Consolidated statement of financial position	5
Consolidated statement of profit or loss	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to consolidated financial statements	10-33

Independent auditors' report

The Shareholders
Ekttitab Holding Company - K.S.C. Public
And its subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Ekttitab Holding Company - K.S.C. (Public) (the Parent Company) And its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 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 summary of significant accounting policies.

In our opinion, Except for the potential impact of the matters described in the 'Basis for expressing a qualified opinion' paragraph contained in our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 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 of December 31, 2023, the registered value of the investment in the associate company Reaya Takaful Insurance Company K.S.C. (Closed) (formerly known as (Dar Al Salam Takaful Insurance Company K.S.C. (Closed))) was confirmed at the amount of KD 3,612,405. The Group's share in the results of the associate company's business is KD 2,613, based on the latest financial statements prepared by management as of December 31, 2023. As stated in Note No. (8) of the consolidated financial statements regarding the going concern of the associate company, Reaya Takaful Insurance Company K.S.C. (Closed) (formerly known as (Dar Al Salam Takaful Insurance Company K.S.C. (Closed))) where it The associate company hasn't renewed the license related to companies approved by the Insurance Regulatory Unit, despite the expiration of its license and its cessation of practicing the activity regulated by the Insurance Regulatory Unit, which indicates that there is a significant doubt about the associate company's ability to continue and practice its activity. Therefore, we were unable to determine whether it was necessary to make necessary adjustments or amendments or whether there was an impairment in the book value of the recorded value of the investment in the associate company in the amount of KD 3,612,504 or the company's share of results of this associate company in the amount of KD 2,613 on the consolidated financial statement as of December 31, 2023.

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 (IESBA Code) together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with those requirements and (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

We would like to draw attention to the Note No (2) on the consolidated financial information regarding the continuity of a subsidiary company (Petro integrated Business Holding Company - K.S.C closed)).

Key Audit Matters

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

Investments in Financial securities

The Group's investments in financial securities are classified as investments at fair value through profit or loss and investments at fair value through other comprehensive income. In view of the importance of this item in relation to the consolidated financial statements and the presence of some estimates and judgments practiced by the group's management when evaluating some of these investments, we have considered the item of investments in securities as the significant auditing matters.

As part of our audit procedures, we have reviewed the fair value listed in the stock market by comparing the fair value applied by the Group with the data available in the market. As for level 2 and 3 valuations (shown in Note 22), we reviewed the evaluation methods used.

Reviewed the main judgments upon which they were based and their reasonableness. We also evaluated the adequacy of the disclosures related to these investments within the consolidated financial statements. The Group's policy related to the evaluation of investments in securities is set out in notes on the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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.

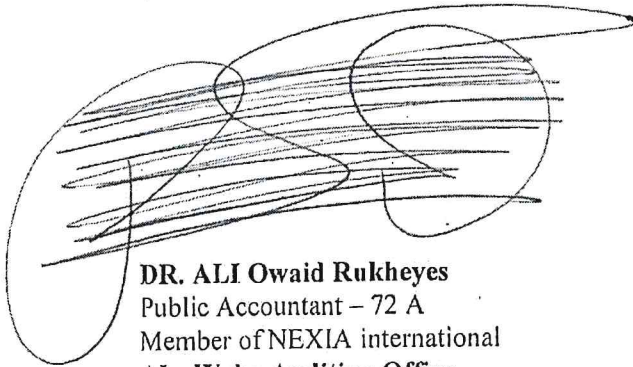
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

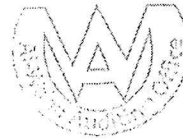
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law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

Report on Other Legal and Regulatory Requirements

Also in our opinion, the consolidated financial statements include the disclosures required by the Companies Law No. 1 of 2016, its Executive Regulations and the Parent Company's Articles of Association and Articles of Incorporation, and we obtained the information we required to perform our audit. In addition, proper books of account have been kept, physical stocktaking was carried out in accordance with recognized practice, and the accounting information given in the Director's Report is in agreement with the Parent Company's books. According to the information available to us, there were no contraventions during the financial year ended December 31, 2023 of either the Companies Law No. 1 of 2016, its Executive Regulations or the Parent Company's Articles of Association and Articles of Incorporation which might have materially affected the Group's financial position or results of its operations.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended December 31, 2023 that might have had a material effect on the business of the company or on its financial position.


DR. ALI Owaid Rukheyes
Public Accountant – 72 A
Member of NEXIA international
AL- Waha Auditing Office



Kuwait – March 30 , 2023

Ektitab Holding Company
K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated statement of financial position as of December 31, 2023

	<u>Note</u>	<u>2023</u> <u>K.D</u> <u>Unaudited</u>	<u>2022</u> <u>K.D</u> <u>Audited</u>
<u>Assets</u>			
Cash and cash equivalents	3	2,066	19,902
Trade receivables and other debit balances	4	4,675	32,960
Due from related parties	5	1,108,952	784,955
Financial assets at fair value through profit or loss	6	77,329	94,844
Financial assets at fair value through other comprehensive income	7	5,092,917	5,020,917
Investment in an associate	8	3,612,405	3,742,728
Musharaka	9	-	390,552
Property and equipment		4	4
Total assets		9,898,348	10,086,862
<u>Liabilities and Equity :</u>			
<u>Liabilities</u>			
Payable and other credit balances	10	412,319	383,446
Due to related parties	5	33,220	32,850
Total liabilities		445,539	416,296
<u>Equity</u>			
Capital	11	31,862,423	31,862,423
Statutory reserve	12	94,506	94,506
Cumulative changes in fair value		(324,917)	(418,481)
Share in reserves of associate		(1,229,922)	(1,096,178)
Accumulated losses		(20,952,543)	(20,738,005)
Equity attributable to shareholders of the Parent		9,449,547	9,704,265
Non-controlling interests		3,262	(33,699)
Total equity		9,452,809	9,670,566
Total liabilities and Equity		9,898,348	10,086,862

Emad husain nemah
Chairman

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

Ekttitab Holding Company
K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated statement of profit or loss for the year ended December 31, 2023

	<u>Note</u>	<u>2023</u> <u>K.D</u>	<u>2022</u> <u>K.D</u>
Realized loss on the sales of financial assets at fair value through profit or loss		-	(92)
Unrealized loss from change in fair value of financial assets at fair value through profit or loss		(17,515)	(77,430)
Musharaka income	9	15,622	63,647
Share of results from the associates	8	2,613	839
Provision no more required	5	-	108,600
'Dividends income		-	10,432
Other expenses		-	(825)
Total income		720	105,171
<u>Expenses and other charges</u>			
General and administrative expenses		(158,538)	(213,713)
Provision for expected credit loss		-	-
Total of expenses and other charges		(158,538)	(213,713)
Net loss for the year		(157,818)	(108,542)
<u>Attributable to:</u>			
Shareholders of the Parent Company		(157,650)	(108,143)
Non-controlling interests		(168)	(399)
Net loss for the year		(157,818)	(108,542)
Loss per share (fils)	17	(0.49)	(0.34)

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

**Ekttitab Holding Company
K.S.C.P.
And its subsidiaries
State of Kuwait**

**Consolidated statement of profit or loss and other comprehensive income for the year
ended December 31, 2023**

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Net loss for the year	(157,818)	(108,542)
Other comprehensive income:		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Share of Group in the reserves of associate	(132,936)	(16,139)
	<u>(132,936)</u>	<u>(16,139)</u>
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Change in fair value of investments at FVOCI	94,068	(197,491)
Opposite result from the sale of financial assets at FVOCI	(20,749)	(1,724)
	<u>73,319</u>	<u>(199,215)</u>
Total other comprehensive loss for the year	<u>(59,617)</u>	<u>(215,354)</u>
Total comprehensive loss for the year	<u>(217,435)</u>	<u>(323,896)</u>
<u>Attributable to:</u>		
Shareholders of the Parent Company	(254,396)	(323,635)
Non-controlling interests	36,961	(261)
Net comprehensive loss for the year	<u>(217,435)</u>	<u>(323,896)</u>

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

Ektitab Holding Company
K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated statement of changes in equity for the year ended December 31, 2023

	Equity attributable to shareholders of the Parent Company							
	<u>Capital</u>	<u>Statutory reserve</u>	<u>Cumulative changes in fair value</u>	<u>Share in reserves of associate</u>	<u>Accumulated losses</u>	<u>Subtotal</u>	<u>Non controlling Interests</u>	<u>Total equity</u>
	K.D	K.D	K.D	K.D	K.D	K.D	K.D	K.D
Balance at December 31, 2021	31,862,423	94,506	(220,852)	(1,080,039)	(20,628,138)	10,027,900	(33,438)	9,994,462
Net loss for the year	-	-	-	-	(108,143)	(108,143)	(399)	(108,542)
Total comprehensive loss for the year	-	-	(197,629)	(16,139)	(1,724)	(215,492)	138	(215,354)
Balance at December 31, 2022	31,862,423	94,506	(418,481)	(1,096,178)	(20,738,005)	9,704,265	(33,699)	9,670,566
Net loss for the period	-	-	-	-	(157,650)	(157,650)	(168)	(157,818)
Total comprehensive loss for the year	-	-	93,564	(132,936)	(20,672)	(60,044)	427	(59,617)
Effect of changes in ownership interest of a subsidiary	-	-	-	(808)	(36,216)	(37,024)	36,702	(322)
Balance at December 31, 2023	31,862,423	94,506	(324,917)	(1,229,922)	(20,952,543)	9,449,547	3,262	9,452,809

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

Ektitab Holding Company
K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated statement of cash flows for the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
<u>Cash flows from operating activities</u>		
Net loss for the year	(157,818)	(108,542)
<u>Adjustments</u>		
Realized loss on the sales of financial assets at fair value		92
Unrealized loss from change in fair value of financial assets at fair value through profit or loss	17,515	77,430
Provision for expected credit loss	-	-
Provision no more required	-	(108,600)
Share of results from the associates	(2,613)	(839)
	<u>(142,916)</u>	<u>(140,459)</u>
<u>Changes in operating assets and liabilities:</u>		
Trade receivables and other debit balances	28,285	23,587
Related parties	(323,627)	(1,188,493)
Payable and other credit balances	28,873	68,911
Net cash used in operating activities	<u>(409,385)</u>	<u>(1,236,454)</u>
<u>Cash flows from investing activities</u>		
Financial assets at fair value through profit or loss	-	11,135
Financial assets at fair value through other comprehensive	892	5,466
Musharaka	390,552	1,200,620
Net cash generated from investing activities	<u>391,444</u>	<u>1,217,221</u>
<u>Cash flows from Financing activities</u>		
Net movement in non-controlling interest	105	-
Net cash generated from financing activities	<u>105</u>	<u>-</u>
Net (decrease) increase in Cash and cash equivalents	(17,836)	(19,233)
Cash and cash equivalents at the beginning of the year	19,902	39,135
Cash and cash equivalents at the end of the year	<u>2,066</u>	<u>19,902</u>

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

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

1- Incorporation and activity

Ekttitab Holding Company - K.S.C.P. ("The parent Company") established in 1999. The company is registered in the commercial register under No 105414, and listed in Kuwait Stock Exchange on December 19, 2005.

The purposes for which the parent company was established are as follows:

- Owning shares of Kuwait and Foreign shareholding companies, as well as ownership of shares in Kuwaiti and Foreign limited liability companies or participation in the incorporation of this companies and its management.
- Lending the companies in which it owns shares and acting as its sponsor in front of third parties and in such case, the participation of the holding company in the capital of the putative company shouldn't be less than 20% at least.
- The ownership of the industrial property rights, patents, industrial relationships , industrial fees or any other relevant rights and lease the same to others to be utilized within or outside Kuwait.
- Owns moveable properties or real estate which it need to carry out its activities in accordance with law.
- Utilization of excess funds available with the company by investing them in financial portfolios managed by specialized companies.
- The parent company operates its activities as per the Islamic sharia regulations.
- The company's registered head office of the parent company is Sharq - Complex , Muhammad Saleh Yousef El Behbahani - Floor 16 - Kuwait City.
- The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on March 30,2023. The Parent Company's Ordinary Shareholders' Annual General Assembly has the final authority to approve these consolidated financial statements and has the power to amend these consolidated financial statements after issuance.

2- Basis of the presentations

The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Parent Company and are prepared under the historical cost convention, except for certain investments available for sale, that are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies.

Going concern

The financial statements of the subsidiary (Petro integrated Business Holding Company - K.S.C (Closed).) has been prepared on going concern basis whereas the accumulated loss of the company reached at KD 5,257,207 as of December 31, 2023, (December 31, 2022 KD 5,211,599), which is more than the capital of the company. as per the article No 274 of company law, the board of directors of the company recommended to held the general assembly to consider on the continuity of the company and for the treatment of the accumulated loss.

- Standards and Interpretations issued and effective

The accounting policies applied by the Company are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards as of January 1, 2023:

Ektitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Standards or amendments or revisions	Effective date
Amendments to IAS I Presentation of Financial Statements — Disclosure of Accounting Policies and IFRS Practice Statement 2	January 1, 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

- Amendments to IAS I Presentation of Financial Statements - Disclosure of Accounting Policies and IFRS Practice Statement 2

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with early application permitted, and will be applied prospectively.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after January 1, 2023 for changes in accounting policies and changes in accounting estimates and Errors that occur on or after the beginning of that period, with early application permitted.

- Amendments to IAS 12 Deferred tax related to Assets and Liabilities arising from a single transaction.

On 7 May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations, and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is 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. This is also explained in the newly inserted paragraph IAS 12.22A.

These amendments are not expected to have any material impact on the financial statements.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Standards and Interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Company:

Standards or amendments or revisions	Effective date
Amendments to IAS 1 Presentation of Financial Statements- Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1 - Presentation of Financial Statements – Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	January 1, 2024
Amendments to IFRS (16) Leases. Initial and subsequent measurement requirements for the lease liability arising from a sale and leaseback transaction.	January 1, 2024

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

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

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

Additionally, new presentation and disclosure requirements were added for debt and future covenants as a result of these amendments.

Amendments to International Accounting Standard No. (1) - Presentation of Financial Statements - “Non-Current Liabilities with Commitments”

This amendment was issued originally in January 2020, then subsequently adjusted and re-released on October 31, 2022 after stakeholder feedback was considered. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

The amendments to IAS 1 clarify that the classification of liabilities into current or non-current depends only on the covenants with which an entity is required to comply on or before the date of the financial statements. In addition, the entity must disclose this information in the notes to enable users of financial statements to understand the risk exposure when the non-current obligations under these covenants become repayable within twelve months.

The amendment:

Creates a new section on the concept of settlement for the purpose of classifying a liability as current versus non-current. A settlement refers to a transfer to the counterparty that results in the extinguishment of the liability that can either be in

Clarifies that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting period, and instead focuses on the rights to defers.

Clarifies that if the right to defer settlement is subject to the entity complying with specified conditions (i.e., covenants), this amendment will only apply to conditions that exist when compliance is measured on or before the reporting date.

Ektitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

The amendment: continue

after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period.

This may include information about the covenants (including the nature of the covenants and when they are required to be fulfilled), the carrying amount of the obligations relevant to the facts and circumstances, if any, that indicate that you may have difficulties in complying with the covenants.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

These amendments require disclosures to enhance the transparency of supplier financing arrangements and their impact on the company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investor concerns that some companies' supplier financing arrangements are not sufficiently clear, hampering investor analysis.

Amendments to IFRS (16) Leases. Initial and subsequent measurement requirements for the lease liability arising from a sale and leaseback transaction.

In September 2022, the IASB issued a targeted amendment to IFRS 16, Leases, to add initial and subsequent measurement requirements for the lease liability arising from a sale and leaseback transaction.

The amendment requires a seller-lessee to determine the initial measurement of the right-of-use asset by comparing the present value of the expected lease payments, discounted using the rate specified in IFRS 16 paragraph 26, to the fair value of the asset sold.

Further guidance is provided on which payments comprise the expected lease payments for sale and leaseback transactions.

A lease liability arising from a leaseback shall be initially measured at the present value of the expected lease payments that are not paid at the commencement date, discounted using the rate specified in paragraph IFRS 16 paragraph 26. Expected lease payments will now include variable lease payments that do not depend on an index or a rate.

A seller-lessee will be required to subsequently measure a lease liability arising from a leaseback transaction by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the expected lease payments for the reporting period as determined at the commencement date, or if applicable the revised expected lease payments for the reporting period as determined at the date of measurement;
- remeasuring the carrying amount as specified in the standard, when applicable; and
- recognising any difference between the actual payments (excluding any above-market terms) made for the lease period as specified in paragraph 38. If there are shortfalls in the actual payments made or recoveries of shortfalls, the seller-lessee shall also adjust the carrying amount of the lease liability and make a corresponding adjustment as outlined in IFRS 16 paragraph 38.

Through these adjustments, the seller-lessee would not recognize any amount of gain or loss related to the right-of-use asset that it retained, unless the gain or loss was associated with the partial or full termination of a lease.

These amendments are not expected to have any material impact on the financial statements.

Ektitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

- The subsidiaries

The consolidated financial statements includes the financial statements of "the parent company" and its subsidiaries (together referred to as "The Group ") as stated below:

<u>Company name</u>	<u>Country</u>	<u>Activity</u>	<u>31-Dec-23</u>	<u>31-Dec-23</u>
Petro for integrated Business Holding Company - K.S.C (Closed).	State of Kuwait	Holding Company	99.46%	98.75%
Ektettab International Holding Group Company-W.L.L	State of Kuwait	Holding Company	100.00%	100.00%

The financial statements of the subsidiaries are consolidated based on the financial statements of the subsidiaries audited by another auditor as of December 31, 2023.

- * The financial statements of the subsidiary (Petro integrated Business Holding Company - K.S.C (Closed).) has been prepared on going concern basis whereas the accumulated loss of the company reached at KD 5,257,207 as of December 31, 2023, (December 31, 2022 KD 5,211,599), which is more than the capital of the company. as per the article No 274 of company law, the board of directors of the company recommended to held the general assembly to consider on the continuity of the company and for the treatment of the accumulated loss. Based on the extraordinary general assembly held on June 5, 2023, it was approved to increase the company's authorized, issued and paid-up capital from the amount of KD 3,000,000 to the amount of KD 7,000,000, at a value of KD 4,000,000, by issuing 40,000,000 new ordinary shares at a value of 100 fils for each share, without a premium issuance, provided that the increase is allocated to the creditor Ektitab Holding Company, with the current shareholders waiving their right to subscribe, so that the company's authorized, issued and paid-up capital becomes the amount of KD 7,000,000 distributed on 70,000,000 shares. The Board of Directors recommended extinguishing part of the accumulated losses through the balance of the mandatory and voluntary reserves.

- ** The parent company contributed to the establishment of the subsidiary company with 50% ownership as direct ownership and 50% ownership of indirect ownership registered in the name of related parties, and there is an undocumented written waiver in favor of the parent company, and accordingly the parent company has control over the financial and operational policies of this company. the financial statements of this company has been consolidated at 100% .

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

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

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

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

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the Non-controlling shareholder's share of changes in equity since the date of the combination.

Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the Group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

Financial instruments

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash equivalents, receivables, due from / to related parties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive and payables.

Classification of financial assets

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages Groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Initial recognition

Purchases and sales of those financial assets are recognized on settlement date – the date on which an asset is delivered to or by the Group. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at

Derecognition

A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Measurement categories of financial assets

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Financial assets at fair value through profit or loss

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Accounts receivable

Receivables are amounts due from customers for services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Financial assets at FVPL

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value, gain on disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

The Group classifies investments in quoted equity and debt investments under financial assets at FVPL in the consolidated statement of financial position.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

The Group classifies investments in quoted and unquoted equity investments under financial assets at FVOCI in the consolidated statement of financial position.

- Impairment of financial assets

IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

Business combinations and Goodwill

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

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.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39: Financial Instruments: Recognition and Measurement. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Ektitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Goodwill

Goodwill represents the excess of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the identifiable assets, liabilities and contingent liabilities as at the date of the acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Where there is an excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost, the Group is required to reassess the identification and measurement of the net identifiable assets and measurement of the cost of the acquisition and recognize immediately in the consolidated statement of profit or loss any excess remaining after that remeasurement.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Investment in associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

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 recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

Ektitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Investment in associates (cont)

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

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

Joint arrangements

The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's right to the assets and obligations for the liabilities of the arrangements.

a) Joint Ventures

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investment in Joint Ventures is accounted based on equity method similar to associates.

Property and equipment

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to consolidated statement of profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

property and equipment are stated at cost less accumulated depreciation and impairment losses. 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 included in consolidated statement of profit or loss for the period.

Depreciation is computed on a straight-line basis over the estimated useful lives of other plant and equipment as 20% yeara .

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 from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the original carrying amount. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

- Accounts payable

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

- Cash and non-cash (dividend) distribution to shareholders of the parent company

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

End of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

- Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

- Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- Other income

Other income are recognized on accrual basis.

- Dividend income

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

- Gain on sale of investments

Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of the sale.

Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity investments which are classified as investments at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity investments classified as investments available for sale are included in "cumulative changes in fair value" in other comprehensive income.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Contingencies

Contingent liabilities are not recognized in the financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

3- Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Cash on hand	-	146
Cash at banks	323	6,476
Cash at investment portfolios	1,743	13,280
	<u>2,066</u>	<u>19,902</u>

4- Trade receivables and other debit balances

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Refundable deposit	3,175	5,022
Others	1,500	27,938
	<u>4,675</u>	<u>32,960</u>

5- Related parties transactions

Related parties are the company's shareholders who have representation in the Board of Directors, members of the board of directors and major shareholders. In the normal course of business, subject to the management approval of the parent company, there were transactions with related parties, the existing major shareholder, its subsidiary during the period ended, the transactions was conducted based on the terms and conditions with others also with the approval of the Board of Directors, the significant transactions and outstanding balances with related parties, other than what disclosed in other notes, were as follows:

Related parties transactions

Balances included in the condensed consolidated statement of financial position

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Due from related parties	3,780,001	3,456,004
Less: provision for expected credit loss (a)	(2,671,049)	(2,671,049)
	<u>1,108,952</u>	<u>784,955</u>
Musharaka (Note 9)	-	390,552
Due to related parties	33,220	32,850

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Transactions included in the condensed consolidated statement of profit or loss:

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Revenue from Musharaka (Note 9).	15,622	63,647

The balance due from related parties includes an amount of KD 576,420 and KD 378,696, which represents a debt owed by one of the parties (The British United Company and The India Holding Company) as a result of the expiration of the partnership contract concluded between the party and the company and the lack of intention of the two parties to renew it.

- The related party transactions are subject to the approval of share holders general assembly.

The movement on the provision for expected credit loss is as follows:

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Balance at the beginning of the year	2,671,049	2,779,649
Provision no longer required	-	(108,600)
Balance at the end of the year	<u>2,671,049</u>	<u>2,671,049</u>

6- Financial assets at fair value through profit or loss

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Investments in local shares - quoted	56,529	74,044
Investments in local funds - unquoted *	20,800	20,800
	<u>77,329</u>	<u>94,844</u>

* The investments in unquoted local funds (Madina Fund) were evaluated based on the net asset value of the fund as of December 31, 2021, whereas that fund is under liquidation.

- The investments at fair value through profit or loss were evaluated based on the evaluation method disclosed in Note No (22).

7- Financial assets at fair value through other comprehensive income

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Investment in quoted securities	20,424	32,751
Investments in unquoted securities	5,072,493	4,988,166
	<u>5,092,917</u>	<u>5,020,917</u>

Ektitab Holding Company**K.S.C.P.****And its subsidiaries****State of Kuwait****Notes to the financial statements for the year ended December 31, 2023**

- The movement details of financial assets at fair value through other comprehensive income during the year is as follows:

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Balance at the beginning of the year	5,020,917	5,225,527
Addition	-	7,589
Transferred from parent company	(404,771)	-
Addition to the subsidiary company	404,771	-
Disposal	(20,607)	(11,600)
Changes in fair value	92,607	(200,599)
Balance at the end of the year	<u>5,092,917</u>	<u>5,020,917</u>

- The financial assets at fair value through other comprehensive income has been evaluated as per the evaluation method disclosed in the Note No (22).

Based upon the Board of Directors' decision by circulation dated January 25, 2023, it was approved to transfer part of the shares owned by the parent company (Ektitab Holding Company) to the subsidiary (Petro Integrated Business Company) at a value of KD 404,771, and in accordance with the ownership declarations and certificates issued by the Kuwait Clearing Company on May 16, 2023, the ownership of these shares was transferred from the parent company (Ektitab Holding Company) to the subsidiary (Petro for integrated Business Holding Company), and this process did not result in a profit or loss.

8- Investment in associates

The details of the associated companies are as follow:-

<u>Company Name</u>	<u>Contribution Percentage %</u>		<u>Value (KD)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Reaya Takaful Insurance Company K.S.C. (Closed) (formerly known as Dar al salam Takaful Insurance Company- K.S.C (closed)).	44.48%	44.48%	3,612,405	3,742,728

On February 27, 2023 and as per the notarization in the commercial register under transaction No 52079 the trading name of the company have been changed from Dar al salam Takaful Insurance Company- K.S.C (closed) to Reaya Takaful Insurance Company K.S.C. (Closed).

The share of result for the "Group" from the associate is recorded as KD 2,613 as per the last financial statements Prepared by management for the period ended December 31, 2023. In addition, the associate company, Reaya Takaful Insurance Company K.S.C. (Closed) (formerly known as (Dar Al Salam Takaful Insurance Company K.S.C. (Closed)) did not renew the license related to the companies approved by the Insurance Regulatory Unit despite from the expiration of its license and its cessation of practicing the activity regulated by the Insurance Regulatory Unit, which indicates that there is a significant doubt about the ability of the associate company to continue and practice its activity. Therefore, we were not able to determine whether it was necessary to make necessary adjustments or amendments to the recorded value of the investment in associate company in the amount of KD 3,612,405 or the company's share in the results of the business of this associate company on the date of the consolidated financial statements as of December 31, 2023, and we were also unable to determine if there were impairment losses on the carrying value of the investment in the associate. as per the Board of Directors' decision, the share of the parent company (Ektitab Holding Company) was transferred to the subsidiary (Petro Integrated Business Company), and from this process not resulted any profit or loss.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Investment in associates (cont)

The investment's movement during the financial year was as following:

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Balance at the beginning of the year	3,742,728	3,758,099
Group's share of results from associates	2,613	839
Group's share of associates' other comprehensive income	(132,936)	(16,210)
Balance at the end of the year	<u>3,612,405</u>	<u>3,742,728</u>

Below is the brief financial statements related to the associated company, Reaya Takaful Insurance Company K.S.C. (Closed) (formerly known as (Dar Al Salam Takaful Insurance Company K.S.C. (Closed))).

The financial statements below represent the amounts indicated according to the financial statement.

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Assets	8,123,790	8,416,741
Liabilities	<u>(2,461)</u>	<u>(2,425)</u>
Net Assets	<u>8,121,329</u>	<u>8,414,316</u>
The group share of an associate	44.48%	44.48%
The group share in assets	<u>3,612,405</u>	<u>3,742,729</u>
Net Profit of the associate	<u>5,874</u>	<u>1,886</u>
The group share in the business results	<u>2,613</u>	<u>839</u>

9- Musharaka

it represent as follow:-

- This item represents a Musharaka contract with a related party, and on the date of the consolidated financial position, the contract between them and the company had expired and the two parties had no intention of renewing it. (December 31, 2022: 390,552 Kuwaiti dinars).

10- Payable and other credit balances

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Accrued expenses	127,826	96,114
Dividend payable	23,583	23,583
Taxable deductions	246,029	246,029
Other	<u>14,881</u>	<u>17,720</u>
	<u>412,319</u>	<u>383,446</u>

Ektitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

11- Share capital

The Authorized, issued and paid up capital is determined by an amount of KD 31,862,423 distributed into 318,624,230 shares of 100 fils each. All shares are in cash.

12- Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

Since there is accumulated loss for the year, there was no transfer to statutory reserve during the year.

13- Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. As per the parent company's shareholders general assembly decision, the Company discontinues transfers to voluntary reserves. As per the Company's shareholders general assembly decision, no amounts were transferred to voluntary reserves since the Company's commencement of its activities.

14- Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve Attributable to the Parent Company.

No KFAS has been provided for the year ended December 31, 2023 since there was no profit on which KFAS could be calculated.

15- National Labor Support Tax (NLST)

National Labor Support Tax is calculated at 2.5% on the consolidated profit of the Parent Company after deducting its share of profit from associates & un-consolidated subsidiaries listed in Kuwait Stock Exchange, cash dividends received from companies listed in Kuwait Stock Exchange and its share of NLST paid by subsidiaries listed in Kuwait Stock Exchange in accordance with law No. 19 for year 2000 and Ministerial resolution No. 24 for year 2006 and their executive regulations.

No NLST has been provided for since there was no taxable profit on which NLST could be calculated.

16- Zakat share

Zakat is calculated at 1% on the consolidated profit of the Parent Company after deducting its share of profit from Kuwaiti shareholding associates & un-consolidated subsidiaries, cash dividends received from Kuwaiti shareholding companies and its share of Zakat paid by Kuwaiti shareholding subsidiaries in accordance with law No. 46 for year 2006 and Ministerial resolution No. 58 for year 2007 and their executive regulations.

No Zakat has been provided for the year ended December 31, 2023, since there was no financial profit on which Zakat could be calculated.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

17- Loss per share

The loss per share related to the parent company's shareholders is calculated by dividing the net loss for the period by the weighted average number of shares outstanding during the period as follows:-

	<u>2023</u>	<u>2022</u>
	<u>K.D</u>	<u>K.D</u>
Net loss for the year	(157,650)	(108,143)
	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding	318,624,230	318,624,230
Loss per share (fils)	<u>(0.49)</u>	<u>(0.34)</u>

18- General Assembly

The shareholders' Ordinary General Assembly was held on May 31, 2023 approved the financial statements and agreed not to distribute any profit dividend and Board of directors' remuneration during the year ended December 31, 2022.

19- Board of Directors' remuneration

On March 30, 2023, the Board of Directors of the "parent company" proposed not to distribute dividends and not to allocate a bonus to the members of the board of directors of the "parent company" for the fiscal year ending on December 31, 2023(2022: nil).

20- Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, receivables, and payables and as a result, it is exposed to the risks indicated below.

- Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest for its financial assets liabilities carrying floating interest rates.

The Group is not currently exposed to such risk.

- Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, and receivables. The Group's cash at banks are placed with high credit rating financial institutions. Receivables are presented net of allowance for doubtful debts.

The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash at banks, and receivables.

Ektitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The Group is not currently exposed significantly to such risk.

- Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers, along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves, maintaining valid and available credit lines with banks, and matching the maturity profiles of financial assets and liabilities.

Maturity Table for financial liabilities

	<u>During the 12</u> <u>months</u> <u>K.D</u>	<u>More than 12</u> <u>months</u> <u>K.D</u>	<u>Total</u> <u>K.D</u>
<u>2023</u>			
Accounts payable and other credit balances	394,599	17,720	412,319
Due from related parties	33,220	-	33,220
	<u>427,819</u>	<u>17,720</u>	<u>445,539</u>
<u>2022</u>			
Accounts payable and other credit balances	367,986	15,460	383,446
Due from related parties	32,850	-	32,850
	<u>400,836</u>	<u>15,460</u>	<u>416,296</u>

- Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks.

The Group is not currently exposed to such risk.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

21- Financial instruments

The Groups' financial assets and liabilities are categorized in the interim condensed consolidated statements of financial position as follows:

	<u>2023</u> <u>K.D</u> <u>(Unaudited)</u>	<u>2022</u> <u>K.D</u> <u>Audited</u>
<u>Financial assets:-</u>		
Cash and cash equivalents	2,066	19,902
Investments at fair value through profit or loss	77,329	94,844
Investments at fair value through other comprehensive income	5,092,917	5,020,917
Investment in associates	3,612,405	3,742,728
Musharaka	-	390,552
Receivables and other debit balances	4,675	32,960
Due from related parties	1,108,952	784,955
	<u>9,898,344</u>	<u>10,086,858</u>
<u>Financial liabilities:-</u>		
Payables and other credit balances	412,319	383,446
Due to related parties	33,220	32,850
	<u>445,539</u>	<u>416,296</u>

22- Fair value measurement

The Group measures financial assets such as investments at fair value through profit or loss and Financial assets at fair value through other comprehensive income and non-financial assets such as investment properties at fair value at each reporting date.

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

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

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
2023				
<u>Financial assets at fair value through profit or loss</u>				
Quoted shares	56,529	-	-	56,529
Investment funds	-	20,800	-	20,800
	<u>56,529</u>	<u>20,800</u>	<u>-</u>	<u>77,329</u>

Financial assets at fair value through other comprehensive income

Quoted shares	20,424	-	-	20,424
Unquoted shares	-	-	5,072,493	5,072,493
	<u>20,424</u>	<u>-</u>	<u>5,072,493</u>	<u>5,092,917</u>

	Level 1	Level 2	Level 3	Total
2022				
<u>Financial assets at fair value through profit or loss</u>				
Quoted shares	74,044	-	-	74,044
Investment funds	-	20,800	-	20,800
	<u>74,044</u>	<u>20,800</u>	<u>-</u>	<u>94,844</u>

Financial assets at fair value through other comprehensive income

Quoted shares	32,751	-	-	32,751
Unquoted shares	-	-	4,988,166	4,988,166
	<u>32,751</u>	<u>-</u>	<u>4,988,166</u>	<u>5,020,917</u>

At December 31 2023, the fair values of financial instruments approximate their carrying amounts. The management of the Group has assessed that fair value of its financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the year, there were no transfers between Level 1, Level 2 and Level 3.

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

23- Capital Risk Management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital resources structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, or obtain loans.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

24- Segment reporting

A segment is a separate component of the Group that is engaged in business activities from which it earns revenue or incurs expenses. Operating segments are disclosed on the basis of internal reports that are reviewed by the chief operating decision maker, who is the person responsible for allocating resources, assessing performance and making strategic decisions about the operating segments.

Geographic information

The group operates in one geographic region : The following tables show the distribution of the Group's revenue, assets and liabilities according to the geographic region.

25- Critical accounting estimates and judgments

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) Judgments

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

- Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy.

- Provision for impairment in value

The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivable involve significant judgment.

- Classification of investments

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortized cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets.

Ekttitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

Business combinations

At the time of Group's acquisition to subsidiaries, the Group considers whether the acquisition represents the acquisition of a business or of an asset (or a group of assets and liabilities). The Group/Parent Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the assets. More specifically, consideration is made to the extent of which significant processes are acquired. The significance of processes requires significant judgment.

Where the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of an asset (or a group of assets and liabilities). The cost of acquisition is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill or deferred tax is recognized.

Control assessment

When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Group's power to affect the investee's variable returns requires significant judgment.

Significant influence assessment

When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policy decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgment, involves consideration of the Group's representation on the investee's board of directors, participation in policy making decisions and material transactions between the investor and investee.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Fair value of unquoted equity investments

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

- Useful lives of depreciable assets

The Group reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of assets. Uncertainties in these estimates mainly relate to obsolescence and changes in operations.

Ektitab Holding Company

K.S.C.P.

And its subsidiaries

State of Kuwait

Notes to the financial statements for the year ended December 31, 2023

- Provision for impairment in value

The extent of Provision for expected credit loss and inventories involves estimation process. Provision for expected credit loss is based on a forward looking ECL approach. Bad debts are written off when identified. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable are subject to management approval.

- Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

26- Lawsuits and possible claims

The Group has some potential lawsuits represented in cases pending at various levels of courts with other parties and the results of which cannot be determined till the date of consolidated financial statements. The Group believes that there is no need to make provisions for this amounts before determining the outcome of this claims and issues.

27- Subsequent Events

Subsequent to the date of the attached consolidated financial statements, and based on the Memorandum of Association of the One Person Company No. 1213 dated January 29, 2024 and Commercial Registration No. 495570 dated January 29, 2024, Petro International Holding Company was established as a one person company with a capital of 10,000 Kuwaiti dinars and is 100% owned by the subsidiary company. Petro Integrated Business Holding Company K.S.C. is closed (holding), and therefore the impact of this process will be reflected in the group's consolidated financial statements as of December 31, 2024.