Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Consolidated Financial Statements And
Independent Auditor's Report
For The Year Ended 31 December 2023

Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

The Consolidated Financial Statements For The Year Ended 31 December 2023

Index

MOORE
Moore Stephens Services

Sharq, Jaber Al Mubarak Street
6th Floor, Al Shorouq Tower (2)
P.O. Box 11965, Al Dasmah 35160
State of Kuwait

T: +965 22463115
www.moore-global.com

Independent Auditor's Report

To The Shareholders Of
Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Sharq Investment Company - K.S.C.C and Its Subsidiaries "The Group"**, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in shareholders equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

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

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

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

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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.

We communicate with the management 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 the management 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.

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Report on Legal Requirements

Also, in our opinion, these consolidated financial statements include the provisions stipulated in the Companies Law No. (1) of year 2016, the Executive Regulation for the Law and Article of Association of the Parent Company. Also, we obtained the necessary information and the Parent Company maintains proper accounting books and physical counting was carried out in accordance with recognized procedures. According to the information available to us, there were no violations during the year ended 31 December 2023 of either the Companies Law No. (1) of year 2016, the Executive Regulation for the Law, nor the Parent Company's Article of Association, which might have materially affect the Group's financial position or its results of operations.

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

The Parent Company has an accrued payable amounting to KD 83,697 to The Kuwait Foundation For The Advancement Of Sciences (KFAS) as at 31 December 2023.

Adnan Ali Alhazeem
License No. 40 "A"
Member firm of Moore Global
Kuwait – 4 March 2024

Chartered Accountants & Business Ad...
MOORE KUWA...
Member Firm of Moore Gl...

Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Consolidated Statement Of Profit Or Loss For The Year Ended 31 December 2023

	Notes	2023	2022
Revenues		KD	KD
Realized gain on financial assets at FVTPL		2,429,658	399,665
Rental revenues	15	1,453,157	905,947
Service and property management revenues		784,799	757,486
Brokerage income		231,017	574,885
Dividends income	13	233,707	277,897
Unrealized gain on financial assets at FVTPL	13	228,526	315,321
Other income	3	145,012	92,277
Share of profit of an associate	10	65,480	10,044
Interest income		53,002	25,654
Consultancy income		50,212	617,832
Gain on acquisition of subsidiaries		-	169,600
Total Revenues		**5,674,570**	**4,146,608**
Expenses And Losses			
Litigations compensation	18	(1,155,975)	-
Loss on revaluation of investment properties	15	(258,000)	(578,000)
Administrative expenses	4	(880,564)	(541,843)
Employees cost	5	(436,985)	(400,175)
Financing expenses		(696,581)	(302,669)
Expected credit losses expense	25.1	-	(50,000)
Total Expenses And Losses		**(3,428,105)**	**(1,872,687)**
Profit before Zakat and KFAS		**2,246,465**	**2,273,921**
Zakat expense	6	(26,993)	(19,271)
KFAS expense	7	(20,218)	(18,683)
Profit		**2,199,254**	**2,235,967**
Profit Attributable To:			
Shareholders of the Parent		2,199,259	2,237,851
Non-controlling interests		(5)	(1,884)
Total Profit		**2,199,254**	**2,235,967**
Basic earnings per share - fils	8	**14.48**	**14.74**

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شركة شرق للاستثمار (ش.م.ك.م)
SHARQ INVESTMENT Co. (K.S.C

Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Consolidated Statement Of Comprehensive Income For The Year Ended 31 December 2023

	Notes	2023	2022
		KD	KD
Profit		2,199,254	2,235,967
Other Comprehensive Income (Loss)			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments at FVOCI	13	78,940	(3,659,349)
Net change in fair value of equity instruments at FVOCI from an associate	10	17,651	(61,620)
Total Other Comprehensive Income (Loss)		96,591	(3,720,969)
Comprehensive Income (Loss)		2,295,845	(1,485,002)
Total Comprehensive Income (Loss) Attributable To:			
Shareholders' of the Parent		2,295,850	(1,483,345)
Non-controlling interests		(5)	(1,657)
Total Comprehensive Income (Loss)		2,295,845	(1,485,002)

شركة شرق للاستثمار (ش.م.ك.م)
SHARQ INVESTMENT Co. (K S C C)

Sharq Investment Company - K.S.C.C
And Its Subsidiaries
State of Kuwait

Consolidated Statement Of Financial Position As At 31 December 2023

	Notes	2023	2022
ASSETS		KD	KD
Current Assets			
Cash on hand and at banks	12	1,033,690	1,440,223
Other financial assets	13	9,309,761	7,745,632
Accounts receivable and other debit balances	14	790,484	429,163
Total Current Assets		11,133,935	9,615,018
Non-current Assets			
Other financial assets	12	4,534,505	6,661,291
Investment in an associate	10	468,248	387,193
Investment properties	15	23,027,000	18,285,000
Property and equipment, net		38,409	6,066
Total Non-current Assets		28,068,162	25,339,550
TOTAL ASSETS		39,202,097	34,954,568
LIABILITIES AND SHAREHOLDERS EQUITY			
Liabilities			
Current Liabilities			
Trade and other payables	16	716,802	521,333
Murabahat payable - short term	17	8,537,500	7,050,000
Litigations provision	18	2,107,975	952,000
Total Current Liabilities		11,362,277	8,523,333
Non-current Liabilities			
Murabahat payable - long term	17	4,800,000	5,100,000
End of services indemnity provision	19	161,898	141,070
Total Non-current Liabilities		4,961,898	5,241,070
Total Liabilities		16,324,175	13,764,403
Shareholders Equity			
Capital	20	15,185,000	15,185,000
Statutory reserve	23	1,702,005	1,477,358
Voluntary reserve	23	1,430,623	1,205,976
Financial asset valuation reserve	23	(3,292,877)	(3,603,200)
Financial asset valuation reserve - an associate		17,651	85
Retained earnings		7,835,525	6,924,946
Total Equity attributable to shareholders of the Parent Company		22,877,927	21,190,165
Non-controlling interests		(5)	-
Total Shareholders Equity		22,877,922	21,190,165
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		39,202,097	34,954,568

Adel Taher Hassan Al-Nakas
Chairman

شركة شرق للاستثمار (ش.م.ك.م)
SHARQ INVESTMENT Co. (K.S.C.C)

Sharq Investment Company - K.S.C.C

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Consolidated Statement Of Changes In Shareholders Equity For The Year Ended 31 December 2023

	Attributable to shareholders of the Parent Company								
	Capital	Statutory reserve	Voluntary reserve	Financial asset valuation reserve	Financial asset valuation reserve - an associate	Retained earnings	Total	NCI	Total Shareholders Equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD
As at 1 January 2022	15,185,000	1,249,777	978,395	(77,514)	61,705	5,730,386	23,127,749	1,657	23,129,406
Dividends paid - Note (22)	-	-	-	-	-	(455,550)	(455,550)	-	(455,550)
Reclassification of loss on disposal of equity investments held at FVOCI	-	-	-	133,544	-	(133,544)	-	-	-
Profit	-	-	-	-	-	2,237,851	2,237,851	(1,884)	2,235,967
Other comprehensive income	-	-	-	(3,659,576)	(61,620)	-	(3,721,196)	227	(3,720,969)
Transfer to reserves	-	227,581	227,581	-	-	(455,162)	-	-	-
Transactions with NCI	-	-	-	346	-	965	1,311	-	1,311
Balance as at 31 December 2022	**15,185,000**	**1,477,358**	**1,205,976**	**(3,603,200)**	**85**	**6,924,946**	**21,190,165**	**-**	**21,190,165**
Dividends paid - Note (22)	-	-	-	-	-	(607,400)	(607,400)	-	(607,400)
Reclassification of loss on disposal of equity investments held at FVOCI	-	-	-	231,383	-	(231,383)	-	-	-
Profit (Loss)	-	-	-	-	-	2,199,259	2,199,259	(5)	2,199,254
Other comprehensive income	-	-	-	78,940	17,651	-	96,591	-	96,591
Transfer to reserves	-	224,647	224,647	-	-	(449,294)	-	-	-
Transactions with NCI	-	-	-	-	(85)	(603)	(688)	-	(688)
Balance as at 31 December 2023	**15,185,000**	**1,702,005**	**1,430,623**	**(3,292,877)**	**17,651**	**7,835,525**	**22,877,927**	**(5)**	**22,877,922**

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Sharq Investment Company - K.S.C.C
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Consolidated Statement Of Cash Flows For The Year Ended 31 December 2023

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		KD	KD
Profit before KFAS and Zakat		2,246,465	2,273,921
Adjustments for:			
Realized gain on financial assets at FVTPL	13	(2,429,658)	(399,665)
Recognized litigation compensations		1,155,975	-
Unrealized gain on financial assets at FVTPL	13	(228,526)	(315,321)
Share of results from an associate	10	(65,480)	(10,044)
Loss on revaluation of investment properties	15	258,000	578,000
Dividends income recognized	14	(233,707)	(277,897)
Interest income recognized		(53,002)	(25,654)
Depreciation expense		2,697	2,232
Gain on exchange differences	3	(7,791)	(4,031)
Recognized financing expenses		696,581	302,669
Gain on acquisition of subsidiaries		-	(169,600)
Expected credit losses expense	25.1	-	50,000
		1,341,554	2,004,610
Movements in working capital items:			
Purchase of financial assets at FVTPL	13	(8,399,230)	(9,690,230)
Proceeds from sale of financial assets at FVTPL		9,493,285	9,124,673
Accounts receivable and other debit balances		(361,321)	(366,462)
Trade and other payables		148,258	(110,338)
End of services indemnity provision		20,828	14,668
Net cash flows from operating activities		2,243,374	976,921
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries		-	(6,800,000)
Term deposits		(300,000)	(200,000)
Interest income received		53,002	25,654
Dividends received	13	233,707	277,897
Purchase of property and equipment		(35,040)	(3,952)
Purchase of financial assets at FVOCI	13	(358)	(809,867)
Proceeds from sale of financial assets at FVOCI		2,207,472	775,414
Purchase of investment properties	15	(5,000,000)	-
Net cash flows from investing activities		(2,841,217)	(6,734,854)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	22	(607,400)	(455,550)
Paid financing expenses		(696,581)	(302,669)
Murabahat payable		1,187,500	6,350,000
Net cash flows from financing activities		(116,481)	5,591,781
Net change in cash and cash equivalents		(714,324)	(166,152)
Cash and cash equivalents at beginning of the year		1,140,223	1,302,344
Effect of foreign exchange	3	7,791	4,031
Cash and cash equivalents at end of the year - Note (12)		433,690	1,140,223

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023

1. General

The Parent Company (Sharq Investment Company – K.S.C.C) was established and registered at the Commercial Register as a closed shareholding company on 3 April 2005 under number (106750). The Parent Company is regulated and licensed by Capital Markets Authority (CMA).

The Parent company's objectives are:

* Investment in real estate, agricultural, and industrial sectors. Also, investment in other economical sectors by participating in incorporation of specialised companies, or purchasing shares and bonds of such companies in the different sectors.
* Investment portfolio manager.
* Dealing and trading in the foreign currency market as well as the precious metals market both inside Kuwait and abroad provided that such transaction will be only in the account of the Company.
* Securities broker not registered with an exchange.

The Parent Company may conduct the above activities either in the State of Kuwait or abroad as a principal or proxy. The Parent Company may have an equity interest or in any way be associated with entities engaged in similar activities or other activities which may assist the Group in achieving its primary objectives in Kuwait or abroad. The Parent Company may also establish, participate in, acquire or affiliate itself with such entities.

The Parent Company's address is: Mirqab – Block (3) – KBT Tower - Floor (37) - State of Kuwait.

These consolidated financial statements are presented in Kuwaiti Dinar (KD), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company and its subsidiaries (together "the Group") and the Group's interest in an associate entity drawn up for the year ended 31 December 2023. Except where otherwise indicated, all financial information presented in (KD) has been rounded to the nearest one Dinar.

The consolidated financial statements for the year ended 31 December 2023 were approved by the board of director and authorized for issuance on 4 March 2024. The consolidated financial statements are subject to the approval of general assembly of shareholders.

Key terms included in financial statements.

FVOCI	Fair value through other comprehensive income.
FVTPL	Fair value through profit or loss.
OCI	Other comprehensive income.
NCI	Non-controlling interest.

2. Critical Accounting Estimates and Judgements

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Actual results in the future could differ from such estimates.

Judgements

The Group has made the following significant judgements in applying its accounting policies. Further information about these judgements can be found in the relevant note.

- Existence of significant influence over N U C National For General Trading Company – W.L.L – Note (10).
- Existence of significant influence over subsidiaries – Note (9).

Estimates

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. With all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial statements. Further information on the nature and impact of the assumptions can be found in the relevant note.

- Fair value measurement of assets and liabilities carried at fair value including
  - Property and equipment
  - Investment properties – Note (15)
  - Financial assets at FVOCI – Note (13)
  - Financial assets at FVTPL – Note (13)

Fair value hierarchy information is located in – Note (24)

- Expected credit losses on financial statements – Note (25.1)

3. Other Income

	2023	2022
	KD	KD
Other	82,186	8,688
Recovery of an allowance	30,314	-
Recovery of written-off debts	12,103	-
Gain on exchange differences	7,791	4,081
Write off payables	7,618	-
Reversal of a provision	5,000	79,508
Total	145,012	92,277

4. Administrative Expenses

	2023	2022
	KD	KD
Maintenance	212,528	169,784
Electricity and water	165,450	-
Professional fees	165,191	58,051
Consulting fees	133,009	145,309
Miscellaneous	76,744	80,621
Property management fees	45,889	-
Rent- short term	32,010	32,010
IT expenses	27,000	30,433
Subscriptions and fees	22,743	25,635
Total	**880,564**	**541,843**

5. Employees Costs

	2023	2022
	KD	KD
Salaries	260,071	252,339
Bonus	80,200	53,790
Leaves and indemnity	51,833	58,015
Allowances	20,994	15,893
Insurance	14,747	13,344
Social security	4,786	4,271
Training cost	3,213	1,177
Residency fees	1,141	1,346
Total	**436,985**	**400,175**

6. Zakat Expense

Contribution to Zakat is calculated at 1% of the profit of the Group in accordance with the Ministry of Financial resolution No. 58/2007 effective from 10 December 2007. Under the Zakat regulation losses neither carried forward to the future years nor carryback to prior years.

7. Kuwait Foundation For The Advancement Of Sciences (KFAS) Expense

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

8. Basic Earnings Per Share

The Group presents basic earnings per share information for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the reporting year.

Basic earnings per share are based on the following information:

	2023	2022
Profit attributable to the Parent Company - KD	2,199,259	2,237,851
Weighted average number of ordinary shares	151,850,000	151,850,000
Basic earnings per share - fils	**14.48**	**14.74**

9. Interests In Subsidiaries

The Group's material subsidiaries are outlined below. The ownership interests reflect the Group's direct interest in the ordinary shares of the entity. The proportion of ownership interests held also equals the voting rights held by the Group. The country of incorporation is also the principal place of business unless noted otherwise.

Name of subsidiary	Country of incorporation	Principal activity and place of activity	Ownership interests 2023	Ownership interests 2022
			%	%
A2 Trading Company Maytham Mahmoud Haider And His Partner - W.L.L	State of Kuwait	Import, export and commission agent	99	99
Danat Capital Management And Economic Consulting Company - W.L.L	State of Kuwait	Consultancy	100	100
Derby For Sale and Purchase of Land	State of Kuwait	Acquiring and investing in real estates	100	100
Sharq International Real Estate Company - W.L.L	State of Kuwait	Acquiring and investing in real estates	100	100
Deyar National Real Estate Company - W.L.L	State of Kuwait	Acquiring and investing in real estates	100	100
Afaq Real Estate Company - W.L.L - Note (11)	State of Kuwait	Acquiring and investing in real estates	100	-
Al Masa Real Estate Company - W.L.L - Note (11)	State of Kuwait	Acquiring and investing in real estates	100	-

10. Interests In An Associate

The Group's interest in an equity accounted associate is outlined below.

Name of associate	Country of incorporation	Ownership interest 2023	Ownership interest 2022	Carrying value 2023	Carrying value 2022	Principal activity and place of activity
		%	%	KD	KD	
NUC National For General Trading Company - W.L.L	State of Kuwait	35	35	468,248	387,193	General Trading

Significant influence is exercised over N U C National For General Trading Company – W.L.L and material transactions take place between the Group and the associate.

During the year the summarized financial performance and position of the associate was:

	2023	2022
	KD	KD
Current assets	2,573,778	2,361,065
Non-current assets	2,201,176	1,787,212
Total assets	**4,774,954**	**4,148,277**
Current liabilities	2,412,569	2,050,990
Non-current liabilities	1,024,534	991,020
Total liabilities	**3,437,103**	**3,042,010**
Net assets	**1,337,851**	**1,106,267**
Group's share of net assets	**468,248**	**387,193**

	2023	2022
	KD	KD
Reconciliation of carrying amounts		
As at 1 January	387,193	437,463
Share of profit for the year	65,480	10,044
Share of OCI for the year	17,651	(61,620)
Prior years adjustments	(2,076)	1,306
As at 31 December	**468,248**	**387,193**

The Group's share of result has been determined based on the management accounts provided by the management of the associate until 31 December 2023.

Accounting Policy

Investments in associates are those over which the Group has significant influence. Significant influence is considered to be participation in the financial and operating policy decisions of the investee and is usually evidenced when the Group owns between 20% and 50% of that company's voting rights. Investments in associates are accounted for using the equity method of accounting (see below).

Equity Accounting

Investments accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition the carrying amount of the investment is adjusted for the Group's share of the investee's profit or loss, other comprehensive income or other movement in equity reserves until the date where significant influence or joint control ceases. Dividends received are deducted from the carrying amount.

Where a Group entity has transactions with an associate of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associated entity.

Accounting policies of associated entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the Group's share of losses exceeds its interest in the investee, the carrying amount of that investment is reduced to nil and no further losses are recognized unless the Group has an obligation to make further contributions to that investee.

11. Business Combination

Afaq Real Estate Company – W.L.L

On 13 November 2023 the Group acquired 100% of the share capital of Afaq Real Estate Company – W.L.L for immediate cash consideration of KD 10,000.

	2023
Consideration	KD
Cash paid	10,000
Total consideration transferred	**10,000**
Identifiable assets acquired and liabilities assumed	
Due to related parties	10,000
Total identifiable net assets acquired	**10,000**
Purchase consideration settled in cash	10,000
Less cash and cash equivalents acquired	-
Net cash outflows on acquisition	10,000

Al Masa Real Estate Company – W.L.L

On 1 June 2023 the Group acquired 100% of the share capital of Al Masa Real Estate Company – W.L.L for immediate cash consideration of KD 10,670.

	2023
Consideration	KD
Cash paid	10,670
Total consideration transferred	**10,670**
Identifiable assets acquired and liabilities assumed	
Due to related parties	10,670
Total identifiable net assets acquired	**10,670**
Purchase consideration settled in cash	10,670
Less cash and cash equivalents acquired	-
Net cash outflows on acquisition	10,670

Accounting Policy

The acquisition method of accounting is used when the Group undertakes business combinations. The Group has acquired a business when it obtains control over a collection of assets and the acquired assets and activities that include inputs, substantive processes and the ability to produce outputs.

All consideration transferred is recognized at fair value at the date of acquisition. This includes assets transferred, liabilities incurred by the owners and equity instruments issued by the Group. Contingent consideration is initially recognized at fair value. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. If the contingent consideration is classified as a financial liability, it is remeasured to fair value at each reporting date, with the movement in fair value being recognized in the statement of profit or loss.

At the acquisition date any equity interest held prior to the acquisition date is recognized at fair value with a resulting gain or loss recognized in profit or loss.

All identifiable assets acquired and liabilities including contingent liabilities assumed, with limited exceptions are recognized at the date of acquisition at their fair value.

Acquisition related costs are expensed as incurred unless they relate to the issue of financial instruments in which case they are accounted for in accordance with accounting policies relating to that specific type of financial instrument.

At acquisition date, to the extent that the total consideration transferred, fair value of prior equity interests and NCI are greater than the net assets acquired, goodwill is recognized. If the fair value of the net assets acquired is more than the total consideration transferred, then the difference is recognized in profit or loss as a bargain purchase.

12. Cash On Hand And At Banks

	2023	2022
	KD	KD
Cash at banks - KD	254,462	357,932
Cash at financial institutions - KD	116,521	669,460
Cash at banks - foreign currencies	41,870	105,843
Cash at financial institutions - foreign currencies	20,558	6,529
Cash on hand	279	459
Total cash and cash equivalents	**433,690**	**1,140,223**
Term deposits	600,000	300,000
Total	**1,033,690**	**1,440,223**

Accounting Policy

Cash consists of cash on hand and at the bank and demand deposits. Short-term deposits are considered to be cash equivalents if they are readily convertible into a known amount of cash, with an original maturity of (3) months or less and exposed to an insignificant risk of changes in value.

13. Other Financial Assets

	2023	2022
	KD	KD
Financial assets at FVTPL		
Unlisted equity investments	6,277,311	4,492,551
Investments in managed portfolios	1,511,298	669,266
Listed equity investments	1,406,311	2,420,815
Debt securities - Bonds	114,841	163,000
Total	**9,309,761**	**7,745,632**
Financial assets at FVOCI		
Listed equity investments	3,848,907	5,985,333
Debt securities - Bonds	381,792	367,100
Managed equity funds	241,926	249,113
Unlisted equity investments	38,477	36,751
Investments in managed portfolios	23,403	22,994
Total	**4,534,505**	**6,661,291**
Total other financial assets	**13,844,266**	**14,406,923**
Current	9,309,761	7,745,632
Non-current	4,534,505	6,661,291
Total	**13,844,266**	**14,406,923**

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023

Financial instruments at fair value through other comprehensive income

The Group has elected to irrevocably present the investment in some equity instruments as fair value through other comprehensive income because they represent strategic long-term investments for the Company. In 2023, the Company recognized dividends income of KD 233,707 (2022: KD 277,897).

Fair value measurement

Listed equity instruments

These are listed in Boursa of Kuwait and exchanges throughout the world that is deemed to be an active market (Level (1) in the fair value hierarchy) (2022: Level (1)).

Unlisted equity instruments and investments in managed portfolios

These have been valued based on earnings multiples techniques. This approach looks at the price to earnings ratio of similar listed companies, and applies similar multiples to the earnings of the company being valued, with adjustments made for illiquidity associated with it being unlisted. These are considered level (3) (2022: Level (3)) valuation in the fair value hierarchy.

Significant unobservable inputs	2023	2022
Earnings multiple and book multiple	10%	10%

Increases (decreases) in the earning multiple would lead to increases (decreases) in the valuation.

The following table reconciles the movement in the carrying values of the financial assets at fair value through profit or loss:

	2023	2022
	KD	KD
As at 1 January	7,745,632	6,465,089
Purchases during the year	8,399,230	9,690,230
Sales during the year	(7,063,627)	(8,625,095)
Capital recovery	-	(99,913)
Change in fair value	228,526	315,321
As at 31 December	**9,309,761**	**7,745,632**

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023

The following table reconciles the movement in the carrying values of the financial assets at fair value through other comprehensive income:

	2023	2022
	KD	KD
As at 1 January	6,661,291	8,920,587
Acquisition of subsidiaries effect	-	1,365,600
Purchases during the year	358	809,867
Sales during the year	(2,148,757)	(640,627)
Capital recovery	(57,327)	(134,787)
Change in fair value	78,940	(3,659,349)
As at 31 December	**4,534,505**	**6,661,291**

Accounting Policy

All other financial assets are all initially recognized at fair value, which generally equates to their transaction price. For those not measured at fair value through profit or loss, transaction prices are also adjusted against the carrying amount.

Financial assets at fair value through profit or loss

Financial assets whose payments are not simply payments of principal and interest, including equity instruments and derivatives, are classified as fair value through profit or loss, with all changes in fair value presented in finance income and expense.

Equity instruments at fair value through other comprehensive income

For equity investments that the Company considers to be long term strategic investments, the Company has taken the election in IFRS (9) to present the changes in fair value through other comprehensive income. On the sale of these equity investments, the cumulative OCI gain/ loss will be transferred within equity and will not be recycled through profit or loss.

Dividends are recognized as income when there is a right to receive payment.

Derecognition

Financial assets are derecognized when:

- The contractual rights to cash flows from the financial asset expire, or
- substantially all the risks and rewards of ownership are transferred; or
- the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset

14. Accounts Receivable And Other Debit Balances

	2023	2022
	KD	KD
Accounts receivable	869,553	639,877
Expected credit losses allowance - Note (25.1)	(203,105)	(232,894)
Net	**666,448**	**406,983**
Due from related parties - Note (26)	14,796	14,995
Expected credit losses allowance - Note (25.1)	(12,441)	(12,966)
Net	**668,803**	**409,012**
Prepaid expenses	120,782	19,314
Others	899	837
Total	**790,484**	**429,163**

Accounting Policy

Trade receivables without a significant financing component are recognized when they are initiated at their transaction price. All other receivables are initially recognized at fair value, which generally equates to transaction price, less any transaction costs.

Subsequent to initial recognition, Trade and other receivables are measured at amortized cost as they are held for the purpose of obtaining contractual cash flows, which are solely interest and principal. Interest is calculated using the effective interest method and included in finance income in profit or loss. Impairment is presented in a separate line in profit or loss.

Refer to note (25.1) for further details on impairment testing of trade and other receivables

Trade and other receivables are derecognized when:

- The contractual rights to cash flows from the financial asset expire, or
- substantially all the risks and rewards of ownership are transferred; or
- the Group neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.
- Where the Group enters into transactions where trade and other receivables are transferred but it retains all or substantially all the risks and rewards of the asset, then in such cases those assets are not derecognized.

15. Investment Properties

	2023	2022
	KD	KD
As at 1 January	18,285,000	13,259,000
Acquisition of subsidiaries	-	5,604,000
Additions	5,000,000	-
Fair value loss	(258,000)	(578,000)
As at 31 December	**23,027,000**	**18,285,000**

	2023	2022
Amounts recognized in profit or loss	KD	KD
Rental revenues	1,453,157	905,947
Direct operating expenses that generated rental revenues	(316,272)	(280,838)
Direct operating expenses that did not generated rental revenues	(1,001,277)	(661,180)

Investment properties consist of seven buildings held that are not currently used for the operational requirements of the Group and the buildings are rented out via operating leases. All rental income is fixed, and the Group is not subject to any variable lease payments.

Changes in fair value are recognized in profit or loss and all fair value movements are unrealized.

The undiscounted lease payments expected to be received in the future on the leases of investment properties are:

	2023	2022
	KD	KD
Within 1 year	1,512,000	1,266,000

The Group has auto renewal of ongoing contracts which are usually for a period of 12 months.

Revaluation of Investment properties

The Group carries investment properties at fair value. Properties were revalued on 31 December 2023 and 2022 by Kuwait International Bank and Kuwait Finance House, valuation entities that specialize in property valuations in accordance with the principles outlined by the International Valuations Standards Committee. Investment properties are categorized as level (3) in the fair value hierarchy (2022: level 3) and are considered a single class of asset. Refer to Note (24) for fair value hierarchy disclosures.

The investment properties are valued using income capitalization approach.

Security

As at 31 December 2023, investment properties with a carrying value of KD 10,786,000 (2022: KD 10,770,000) were pledged as mortgage security over bank facilities granted to the Group – Note (17).

Farwaniya complex – Plot (33) with a carrying value of KD 856,000 (2022: KD 840,000) and Hawally building – Plot (2) with a carrying value of KD 3,296,000 (2022: Nil) are registered in the name of a local bank and leaseback the property with an option of re-purchase at the end of lease term. The transfer of the property by the seller-lessee (the Group) does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset. Accordingly, the Group continued to recognize the transferred property and recognized a financial liability equal to the transferred proceeds. It accounted for the financial liability applying IFRS (9).

Accounting Policy

Investment properties are real estate assets, including land and buildings, which are held to earn rentals and/or for capital appreciation, are initially recognized at cost. Subsequently it is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Rental income from investment properties are considered operating leases where the Group is the lessor and is recognized in income on a straight-line basis over the lease term.

16. Trade And Other Payables

	2023	2022
	KD	KD
Accrued expenses	419,247	348,583
Trade payables	183,225	166,847
Deferred revenues	104,167	-
Due to related parties - Note (26)	10,163	5,903
Total	**716,802**	**521,333**

17. Murabahat Payable

Lender	2023	2022
	KD	KD
Warba Bank	8,287,500	6,800,000
Kuwait International Bank	4,800,000	5,100,000
Kuwait Finance House	250,000	250,000
Total	**13,337,500**	**12,150,000**

The above murabahat is shown on the consolidated statement of financial position as follows:

	2023	2022
	KD	KD
Current	8,537,500	7,050,000
Non-current	4,800,000	5,100,000
Total	**13,337,500**	**12,150,000**

The above obligations are obtained to acquire the subsidiaries and to finance purchase the buildings in Mahboula – Plot (333), Farwaniya – Plot (33) and Hawally building – Plot (2).

The above murabahat are repayable within 3 years. Murabaha rate are fixed at an average rate of 1% to 1.75% over CBK (2022 1.75% over CBK). The obligations are secured on the relevant asset.

18. Litigation Provision

During the current year, the CMA court has issued a judgement against the Group in amounting to KD 2,107,975 in favor of third party. The management of the Group has increased the provision by amount of KD 1,155,975.

19. End of Service Indemnity Provision

	2023	2022
	KD	KD
As at 1 January	141,070	126,402
Provided during the year	24,712	27,030
Paid during the year	(3,884)	(12,362)
As at 31 December	**161,898**	**141,070**

Accounting Policy

End of service indemnity for employees is calculated in accordance with Kuwaiti Labor Laws and Regulations, and the provision is paid at the end of the employee's service date. For Kuwaiti employees, the Group pays monthly subscriptions to The Public Institution for Social Security, calculated as a percentage of Kuwaiti employees' salaries.

20. Capital

The Parent Company's authorized, issued and paid in capital amounted to KD 15,185,000 divided into 151,850,000 shares, each share for 100 Fils and all shares are paid in cash.

21. Capital Management

The board's policy is to maintain and develop a strong and flexible capital base in order to maintain investor and creditor confidence as well as sustain the future development of the business. Similar policies apply also to individual business segments so as to minimize demands for routine trading activities on finance obtained at Group level. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or realize assets in order to reduce debt.

During 2023, the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio between 60% and a 70%. This credit rating has been maintained throughout the period There have been no other changes in the way that the Group manages capital.

The Group monitors levels of capital by reference to the gearing ratio, computed as net debt divided by total capital. Net debt is calculated as total murabahat payable (Note 16) less cash and cash equivalents (Note 12). Total capital is calculated as total equity.

	2023	2022
	KD	KD
Murabahat payable - Note (17)	13,337,500	12,150,000
Cash - Note (12)	(1,033,690)	(1,440,223)
Net debt	12,303,810	10,709,777
Total equity	22,877,922	21,190,165
Gearing ratio (%)	54%	51%

The Group is not subject to any externally imposed capital requirements.

22. Dividends Paid

At the annual general assembly meeting on 28 March 2023, the shareholders of the Parent Company approved cash dividends of (4) Fils per share amounting to KD 607,400 for the year ended 31 December 2022 (2021: (3) Fils per share amounting to KD 455,550) to the registered shareholders as of the date of annual general assembly meeting, which paid during the current reporting period.

Accounting Policy

Dividend distributions to the Group's shareholders are recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

23. Reserves

Statutory Reserve

A percentage of not less than 10% of the net profits of the Parent Company shall be deducted annually by resolution of the ordinary general meeting upon proposal of the board of directors to form the statutory reserve of the Parent Company.

The ordinary general meeting may cease such deductions, if the statutory reserve are higher than half of the Parent Company's issued capital. Statutory reserve may be used only to cover the Group's losses or to ensure the distribution of dividends to shareholders of up to 5% of the paid-up capital, in the financial years in which the Group's profits do not allow the distribution of such percentage and the lack of a voluntary reserve that allows the distribution of such percentage of the profits.

Voluntary Reserve

A percentage of not less than 10% of the net profits of the Group shall be deducted by a resolution of the ordinary general meeting upon the proposal of board of directors to form a voluntary reserve of the Group for the purposes identified by the ordinary general meeting.

Financial asset valuation reserve

The financial asset valuation reserve relates to the equity instruments that the Group has elected to measure at fair value through other comprehensive income. When these assets are disposed of the balance of this reserve will be transferred to retained earnings. Refer to Note (13).

	2023	2022
	KD	KD
As at 1 January	(3,603,200)	(77,514)
Reclassification of loss on disposal of equity investments held at FVOCI	231,383	133,544
Net change in fair value of equity instruments at FVOCI	78,940	(3,659,576)
Transactions with NCI	-	346
As at 31 December	**(3,292,877)**	**(3,603,200)**

24. Fair Value Measurement

The following table outlines the categorization in the fair value hierarchy for all of the Group's assets and liabilities recognized at fair value as at 31 December 2023.

Assets	Quoted prices in active market (Level 1) KD	Significant unobservable inputs (Level 3) KD
Financial assets at FVTPL		
Unlisted equity investments	-	6,277,311
Investments in managed portfolios	-	1,511,298
Listed equity investments	1,406,311	-
Debt securities - Bonds	114,841	-
Financial assets at FVOCI		
Listed equity investments	3,848,907	-
Debt securities - Bonds	381,792	-
Managed equity funds	-	241,926
Unlisted equity investments	-	38,477
Investments in managed portfolios	-	23,403
Assets measured at fair value		
Investment properties	-	23,027,000

Fair value hierarchy classification as at 31 December 2022:

Assets	Quoted prices in active market (Level 1) KD	Significant unobservable inputs (Level 3) KD
Financial assets at FVTPL		
Unlisted equity investments	-	4,492,551
Investments in managed portfolios	-	669,266
Listed equity investments	2,420,815	-
Debt securities - Bonds	163,000	-
Financial assets at FVOCI		
Listed equity investments	5,985,333	-
Debt securities - Bonds	367,100	-
Managed equity funds	-	249,113
Unlisted equity investments	-	36,751
Investments in managed portfolios	-	22,994
Assets measured at fair value		
Investment properties	-	18,285,000

There have been no transfers between levels during the year (2022: no transfers).

Accounting Policy

The Group recognizes a number of both financial and non-financial assets and liabilities at fair value. 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 as at the measurement date. It is based on assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If the asset or liability being valued is traded in an active market, the Group will use the quoted price in that active market. Where the market has a bid-ask spread, the Group uses the bid price for the measurement of assets and the ask price for liability positions. If there is no active market, the Group uses a number of valuation techniques to determine fair value, and uses techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs.

The Group's CEO is responsible for determining the policies and procedures for determining all fair values, especially those which are not determined by observable prices in an active market. This includes the engagement of external valuers, where the CEO determines that the Group does not have the knowledge and skills to perform the valuations in house. The CEO assesses the valuations prepared by external valuers to ensure that the movements appear reasonable and consistent with their knowledge of the markets.

The Group aims to keep the valuation methodology consistent from valuation to valuation and only changes the valuation methodology if the new methodology uses more observable inputs and reduces the number of unobservable inputs.

All valuations are categorized into the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement:

- Level (1) – Prices quoted (unadjusted) in active markets for identical assets or liabilities
- Level (2) – Valuation techniques where the inputs are observable either directly from quoted prices (other than those satisfying the requirements of level 1) or indirectly such as the use of observable forward curves
- Level (3) – Valuation techniques where the inputs are based on unobservable data

25. Financial Risk Management

25.1 Credit risk

Credit risk is the risk that a counter party will not meet its contractual obligations under a financial instrument, lease receivable or customer contract, leading to a financial loss to the Group. The Group is exposed to credit risk on all financial assets, and the maximum exposure is the carrying amount of those assets.

To manage credit risk, the Chief financial officer and the treasury function select all financial institutions to be used by the Group in accordance with the Group's risk management policies. This ensures that the counterparties for cash deposits and all derivatives are of high credit quality, minimizing credit risk exposure. The Group sets maximum credit limit exposures which are approved by the Board and are regularly reviewed.

The Group has no material disclosure to any individual customer or counterparties, but risk is concentrated as follows:

	2023	2022
	KD	KD
Cash on hand and at banks	1,033,690	1,440,223
Accounts receivable and other debit balances	790,484	429,163
Financial assets at FVTPL	9,309,761	7,745,632
Financial assets at FVOCI	4,534,505	6,661,291

Trade receivables

The Group has in place a credit risk management policy, which with respect to customer transactions is implemented by the individual business units.

The Group has customers in a number of different markets. Where those customers operate in clients that are less stable, credit risk is managed by shorter payment terms and restrictions on the amount per order. The Group typically does not carry significant receivables balances that would be considered to be high risk. Where the Group does seek to take advantage of opportunities in less developed markets, other ways of minimizing risk are sought, through deposits, guarantees or credit insurance.

For trade receivables and lease receivables the Group has elected to apply the simplified approach to determining expected credit losses and the loss allowance is calculated based on lifetime expected credit losses.

To measure the expected credit losses, the Group uses a provision matrix. The trade receivables have been grouped based on shared credit characteristics, including size and location, and the loss rate for a given number of days past due.

The loss rates are examined regularly by the Group and changes in the assumptions used to calculate the allowance could lead to material changes in the allowance required.

2023	1-60 days	61-120 days	+ 120 days	Total
Expected credit loss rate %	4%	11%	35%	
Accounts receivable - KD	102,596	292,868	474,089	869,553
Total expected credit loss - KD	4,605	31,000	167,500	203,105

2022	1-60 days	61-90 days	+ 120 days	Total
Expected credit loss rate %	28%	36%	39%	
Trade receivables - KD	117,142	140,000	382,735	639,877
Total expected credit loss - KD	32,425	50,004	150,465	232,894

The movement in the allowance for expected credit losses for the year, relating to trade receivables and contract assets is as follows:

	2023	2022
	KD	KD
Ast at 1 January	232,894	251,172
Transferred to due from related parties	-	(12,966)
Provided during the year	-	50,000
Recovery of an allowance	(29,789)	(55,312)
As at 31 December	**203,105**	**232,894**

Cash and Cash equivalents

The Group only uses financial institutions with high credit rating to hold cash deposits and monitors the credit agencies for any changes in that credit rating.

Due from Related Parties

The Group has balances due from related parties with a total amount of KD 14,976 (2022: 14,995) which are not guaranteed.

Group's management provides expected credit losses allowance for these balances as follows:

	2023	2022
	KD	KD
Ast at 1 January	12,966	-
Transferred from trade receivables	-	12,966
Recovery of an allowance	(525)	-
As at 31 December	**12,441**	**12,966**

25.2 Liquidity Risk

The following are the undiscounted contractual cashflows of the Group's financial liabilities based on their contractual maturity dates as at 31 December. It is broadly representative of the exposure throughout the year.

2023	<3 months	3-6 months	6 months -1 year	1-5 years	Contractual cash flows	Carrying amount
	KD	KD	KD	KD	KD	KD
Non-derivative financial liabilities						
Trade and other payables	183,225	104,167	429,410	-	716,802	716,802
Murabahat payable	250,000	-	8,287,500	4,800,000	13,337,500	13,337,500
Litigations provision	-	-	-	2,107,975	2,107,975	2,107,975

2022	<3 months	3-6 months	6 months -1 year	1-5 years	Contractual cash flows	Carrying amount
	KD	KD	KD	KD	KD	KD
Non-derivative financial liabilities						
Trade and other payables	166,843	-	354,490	-	521,333	521,333
Murabahat payable	250,000	-	6,800,000	5,100,000	12,150,000	12,150,000
Litigations provision	-	-	-	952,000	952,000	952,000

25.3 Market Risk

The Group is exposed to market risks from future cash flows or fair values of financial instruments changing in response to market prices. The Group typically considers that it is exposed to foreign exchange risk, interest rate risk and equity price risk.

The Chief Financial Officer and the central treasury function are responsible for managing the market risks of the Group. Market risk data is monitored to see that it is maintained within acceptable ranges.

The risk management policies have been applied consistently in 2023 and 2022 except for in relation to commodity price risk.

Foreign Exchange Risk

The Group is exposed to foreign exchange risk due to investments in financial assets being denominated in currencies other than the functional currency of the Group.

Exposures To Foreign Exchange Risks

The following table outlines the Group's material exposures to foreign exchange risk at the end of the reporting period, expressed in Kuwaiti Dinars (KD). It reflects both external positions and intercompany balances denominated in a currency other than the functional currency of the relevant entity it is held in, which exposes the Group to foreign exchange risk.

	Cash		FVOCI		FVTPL	
	2023	2022	2023	2022	2023	2022
	KD	KD	KD	KD	KD	KD
USD	40,826	90,753	541,945	538,304	1,520,709	832,266
EUR	17,319	21,307	78,916	74,644	34,708	31,719
SAR	-	311	-	-	-	76,790
AED	-	-	-	-	1,102	91,090
GBP	-	-	-	-	137,488	-
CHF	4,283	-	-	-	-	-

The Group considers that a 5% shift in exchange rates is reasonably possible based on current volatility in the foreign exchange markets (2022: 5%) If exchange rates were to move by that amount, and all other variables, including interest rates remained constant, based on the balances as at 31 December the impact on the financial statements would be as follows:

	Profit or Loss				Equity			
	Strenghten		Weaken		Strenghten		Weaken	
	2023	2022	2023	2022	2023	2022	2023	2022
	KD	KD	KD	KD	KD	KD	KD	KD
USD	105,174	73,066	(105,174)	(73,066)	105,174	73,066	(105,174)	(73,066)
EUR	6,547	6,384	(6,547)	(6,384)	6,547	6,384	(6,547)	(6,384)
SAR	-	3,855	-	(3,855)	-	3,855	-	(3,855)
AED	55	4,555	(55)	(4,555)	55	4,555	(55)	(4,555)
GBP	6,874	-	(6,874)	-	6,874	-	(6,874)	-
CHF	214	-	(214)	-	214	-	(214)	-

Interest Rate Risk

The interest rate risk arises on the Group's borrowings and investments in bonds. Group manages this risk by ensuring that all borrowings and investments are at a fixed rate.

Equity Price Risk

The Group is exposed to equity price risk through its investment in listed and unlisted equity instruments. The fair values of these investments are regularly reported to the Board, to factor into any decision of the ongoing investment in these entities.

The fair value sensitivities for the unlisted equity instruments are included as part of the fair value disclosures in Note – (24).

26. Related Parties

Key Management Personnel Compensation

	2023	2022
	KD	KD
Short-term benefits	136,056	130,511
End of services indemnity	10,723	10,291
Total	146,779	140,802

Transactions with Related Parties

For details of the subsidiaries of the Group refer to Note (9) and for details of the associate refer to Note (10).

The following transactions arose with related parties during the year:

	Transactions during the year		Balances outstanding	
	2023	2022	2023	2022
	KD	KD	KD	KD
Management fees				
Al-Tafawoq United Holding Company - K.S.C.C.	41,199	40,922	(9,435)	(2,257)
Associate	2,400	2,400	(728)	(3,646)
Other related parties	84,052	74,668	14,796	14,995
Expected credit losses				
Other related parties	525	(12,966)	(12,441)	(12,966)
Administrative expenses				
Al-Tafawoq United Holding Company - K.S.C.C.	37,253	37,260	-	-
Associate	108,956	118,193	-	-
Financial assets at FVOCI				
Al-Tafawoq United Holding Company - K.S.C.C.	4,093	4,093	-	-
Other related parties	3,848,220	5,984,645	-	-
Financial assets at FVTPL				
Al-Tafawoq United Holding Company - K.S.C.C.	-	183,029	-	-
Other related parties	2,901,691	907,221	-	-

27. Contingent Liabilities And Contingent Assets

Contingent Liabilities

The Group is defending legal action against several legal cases raised by third parties for amount of KD 2,107,975. All other cases are pending in the relevant courts.

Contingent Assets

The Group has entered into legal action against one party with amount of KD 25,000. This case is pending in the relevant court.

28. Fiduciary Assets

The Group manages investment portfolios on behalf of clients. The total value of these portfolios at 31 December 2023 is amounted to KD 345,245,094 (2022: KD 370,507,958) which are not reflected in the consolidated financial statements.

The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

Income earned from fiduciary assets amounted to KD 349,059 for the year ended 31 December 2023 (2022: KD 380,921) included in service and property management revenues.

Accounting Policy

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the consolidated financial statements, as they are not assets of the Group.

29. Significant Accounting Policies

29.1 Basis Of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Some financial instruments including financial assets at FVTOCI and FVTPL.
- Investment properties which are measured at fair value.

The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and Interpretations as issued by the International Accounting Standards Board (IASB) and are prepared on a going concern basis.

29.2 Basis of Consolidation

The consolidated financial statements comprise those of the Company and its subsidiaries, which are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Generally, control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Group controls another entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

The consolidated financial statements are based on the financial statements of the individual companies drawn up using the standard Group accounting policies. Accounting policies applied by individual subsidiaries have been revised where necessary to ensure consistency with Group policies. All companies in the Group have the same reporting date of 31 December.

All intra-Group transactions and balances between Group entities are eliminated on consolidation except for foreign currency transaction gains and losses. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests are initially measured at their proportionate share of the net assets at the date of acquisition.

Profit or loss and each component of other comprehensive income are attributed to either the owners of the parent or any non-controlling interests, even if this allocation results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for in equity.

If the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary along with any non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any investment retained in the entity is measured at fair value at that date.

30. Standards Issued But Not Yet Effective

The following standards and amendments are not yet effective but may have an impact on the financial statements of the Group in the future.

Amendments to IAS (1) – Classification of Liabilities as Current or Non-current &
Amendments to IAS (1) – Non-current Liabilities with Covenants

These amendments together impact the classification of liabilities with covenants and any convertible notes that the Group issues with liability classified conversion features. It may impact the classification of some of the Group's debts and will require additional disclosure about the effect of the covenants on the Group.

The Group is still currently assessing the impact of these amendments. They are effective for the 2024 Financial Statements.

Amendments to IAS (7) & IFRS (7) Supplier Financing Arrangements

This amendment will have no impact on the amounts recognized in the financial statements but will require additional disclosures to be provided around the Group's use of supplier financing arrangements.

This amendment will be effective for the 2024 Financial Statements.

There are no other new standards or amendments that are expected to have a material impact on the Group.