

## ANNUAL REPORT

# 2023

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Kuwait International Investment Holding Company – KSC (Closed)

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- KUWAIT -





**Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah**  
AMIR OF KUWAIT



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# Members of the Board

**Hamed M. Al Aiban**

Chairman

**Talal B. Al Bahar**

Vice Chairman

**Abdullah A. Al Asfor**

Board Member

**Laila A. Al Ibrahim**

Board Member

**Bader J. Al Hajri**

Board Member

**Mohammed I. Al Hadaib**

Board Member

**Ghanima N. M. Alnajem**

Board Member

**Fahad H. Al-Shamlan**

Board Member



**IN THE NAME OF ALLAH,  
MOST GRACIOUS MOST MERCIFUL**

**The Board Report for the Fiscal Year Ending on 31 December 2023**

**The respected shareholders**

**Greeting,**

It gives me and my brothers, members of the Board of Directors of Kuwait International Investment Holding Company, a pleasure to welcome you and review with you the Board of Directors' annual report for the year 2023, which includes the company's annual financial statements and its financial performance, as the focus was on continuing to make more efforts to maintain balanced performance in order to achieve the strategic directions. For the company.

**The Financial Performance.**

The year 2023 witnessed a noticeable improvement in the company's performance, as the company achieved net profits amounting to 25,012 million KD, compared to a net loss amounting to (11,754) million KD for the year 2022. Shareholders' equity also increased from 55,971 million KD in 2022 to reach 82,232 million KD for the year 2023 with an increase of amount 26,261 million KD.

**Future Projects.**

The company continues to follow the plan prepared to implement the planned strategy, where we will continue to invest in income-generating assets that can grow in their market value. The company also conducts a continuous review of the investment portfolio in accordance with the current conditions and their repercussions on various assets.

In conclusion, we extend our thanks and appreciation to the members of the Board of Directors as well as the executive management of the company for their good performance and efforts in implementing the company's strategy during the past year. I also thank our shareholders for their trust and support.

May Allah Grant Success,

**Hamid Mohammed Al-Aiban**  
Chairman

# Chairman Message



# Financial Statements

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**Independent Auditor's Report to the Shareholders of Kuwait International Investment Holding Company – KSC (Closed) [Formerly: Kuwait International Investment Holding Company – KPSC] (continued)**

**Independent auditor's report**

To the Shareholders of  
Kuwait International Investment Holding Company – KSC (Closed)  
[Formerly: Kuwait International Investment Holding Company – KPSC]  
State of Kuwait

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

**Opinion**

We have audited the financial statements of Kuwait International Investment Holding Company – KSC (Closed) [Formerly: Kuwait International Investment Holding Company – KPSC] ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

Management is responsible for the other information. Other information obtained at the date of this auditor's report is information included in the report of the Company's Board of Directors, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

**Independent Auditor's Report to the Shareholders of Kuwait International Investment Holding Company – KSC (Closed) [Formerly: Kuwait International Investment Holding Company – KPSC] (continued)**

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

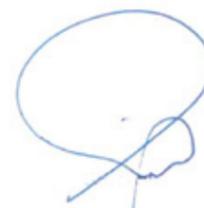
**Independent Auditor's Report to the Shareholders of Kuwait International Investment Holding Company – KSC (Closed) [Formerly: Kuwait International Investment Holding Company – KPSC] (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with 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.

**Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements, together with the contents of the report of the Company's Board of Directors relating to these financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2023 that might have had a material effect on the business or financial position of the Company.



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

Kuwait  
22 May 2024



## STATEMENT OF PROFIT OR LOSS

All amounts are in Kuwaiti Dinars

	Note	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
<b>Income</b>			
Rental income	7	1,519,258	1,477,430
Change in fair value of financial assets at FVTPL		15,771,950	(10,629,222)
Gain on sale of financial assets at FVTPL		8,235,184	(3,008,870)
Change in fair value of investment properties under development		(76,881)	(116,694)
Share of results of associates		(11,993)	-
Gain on bargain acquisition of an associate		572,560	-
Change in fair value of investment properties	11	(76,285)	721,482
Dividend income		1,972,485	1,861,949
Other income		-	145,659
(Loss)/gain on foreign currency exchange		(299)	9,073
		<b>27,905,979</b>	<b>(9,539,193)</b>
<b>Expenses and other charges</b>			
Cost of operating investment properties		(728,775)	(687,296)
General and administrative expenses		(535,454)	(629,067)
Provision charge for doubtful debts - net		(495,600)	(709,942)
Impairment of investment in associates	12	(270,203)	-
Borrowing costs		(341,747)	(189,090)
		<b>(2,371,779)</b>	<b>(2,215,395)</b>
<b>Profit /(loss) for the year before provisions for contribution to KFAS and Zakat</b>			
		<b>25,534,200</b>	<b>(11,754,588)</b>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(263,527)	-
Provision for Zakat		(257,695)	-
<b>Profit /(loss) for the year</b>		<b>25,012,978</b>	<b>(11,754,588)</b>

The notes set out on pages 21 to 57 form an integral part of these financial statements.



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All amounts are in Kuwaiti Dinars

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
<b>Profit/ (loss) for the year</b>	<b>25,012,978</b>	<b>(11,754,588)</b>
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Changes in fair value of financial assets at FVTOCI	1,248,196	1,215,970
<b>Total other comprehensive income for the year</b>	<b>1,248,196</b>	<b>1,215,970</b>
<b>Total comprehensive income /(loss) for the year</b>	<b>26,261,174</b>	<b>(10,538,618)</b>

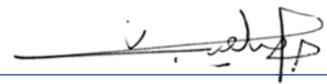
The notes set out on pages 21 to 57 form an integral part of these financial statements.



## STATEMENT OF FINANCIAL POSITION

All amounts are in Kuwaiti Dinars

	Note	31 Dec. 2023 KD	31 Dec. 2022 KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at FVTOCI	9	25,854,022	25,022,819
Investment properties under development	10	362,439	439,320
Investment properties	11	1,808,645	1,884,930
Investment in associates	12	6,779,646	-
		<b>34,804,752</b>	<b>27,347,069</b>
<b>Current assets</b>			
Receivables and other assets	13	601,126	582,985
Due from related parties	19	950,221	1,365,978
Financial assets at FVTPL	14	52,014,336	33,255,215
Cash and cash equivalents	15	3,478,198	2,076,860
		<b>57,043,881</b>	<b>37,281,038</b>
<b>Total assets</b>		<b>91,848,633</b>	<b>64,628,107</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	20	4,023,356	4,023,356
Statutory reserve	16	4,203,210	4,203,210
Voluntary reserve	16	4,203,210	4,203,210
Treasury shares		(13,399)	(13,399)
Cumulative changes in fair value		7,606,356	7,225,873
Retained earnings		62,209,528	36,328,837
		<b>82,232,261</b>	<b>55,971,087</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Wakala payable	17	5,909,000	5,438,300
Provision for employees' end of service benefits		72,852	63,415
		<b>5,981,852</b>	<b>5,501,715</b>
<b>Current liabilities</b>			
Wakala payable	17	358,784	304,726
Due to related parties	19	754,089	668,928
Payables and other liabilities	18	2,521,647	2,181,651
		<b>3,634,520</b>	<b>3,155,305</b>
Total liabilities		<b>9,616,372</b>	<b>8,657,020</b>
Total equity and liabilities		<b>91,848,633</b>	<b>64,628,107</b>

  
**Hamed Mohammed Al-Aiban**  
 Chairman



## STATEMENT OF CHANGES IN EQUITY

All amounts are in Kuwaiti Dinars

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Cumulative changes in fair value KD	Retained earnings KD	Total KD
<b>Balance at 1 January 2023</b>	4,023,356	4,203,210	4,203,210	(13,399)	7,225,873	36,328,837	55,971,087
Profit for the year	-	-	-	-	-	25,012,978	25,012,978
Other comprehensive income for the year	-	-	-	-	1,248,196	-	1,248,196
<b>Total comprehensive income for the year</b>	-	-	-	-	1,248,196	25,012,978	26,261,174
<b>Gain on sale of financial assets at FVTOCI</b>	-	-	-	-	(867,713)	867,713	-
<b>Balance as at 31 December 2023</b>	<b>4,023,356</b>	<b>4,203,210</b>	<b>4,203,210</b>	<b>(13,399)</b>	<b>7,606,356</b>	<b>62,209,528</b>	<b>82,232,261</b>
<b>Balance at 1 January 2022</b>	3,352,797	4,203,210	4,203,210	(13,399)	6,024,231	49,032,673	66,802,722
Issue of bonus shares	670,559	-	-	-	-	(670,559)	-
Dividend distribution	-	-	-	-	-	(499,660)	(499,660)
<b>Total transactions with owners</b>	<b>670,559</b>	-	-	-	-	(1,170,219)	(499,660)
Loss for the year	-	-	-	-	-	(11,754,588)	(11,754,588)
Other comprehensive income for the year	-	-	-	-	1,215,970	-	1,215,970
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	1,215,970	(11,754,588)	(10,538,618)
<b>Gain on sale of financial assets at FVTOCI</b>	-	-	-	-	(14,328)	206,643	206,643
<b>Gain on sale of financial assets at FVTOCI</b>	-	-	-	-	(14,328)	14,328	-
<b>Balance as at 31 December 2022</b>	<b>4,023,356</b>	<b>4,203,210</b>	<b>4,203,210</b>	<b>(13,399)</b>	<b>7,225,873</b>	<b>36,328,837</b>	<b>55,971,087</b>



## STATEMENT OF CASH FLOWS

All amounts are in Kuwaiti Dinars

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
<b>OPERATING ACTIVITIES</b>		
<b>Profit/(loss) for the year</b>	<b>25,012,978</b>	(11,754,588)
<b>Adjustments for:</b>		
Provision for employees' end of service benefits	9,437	9,680
Dividend income	(1,972,485)	(1,861,949)
Change in fair value of investment properties under development	76,881	116,694
Share of results of associates	11,993	-
Gain on bargain acquisition of an associate	(572,560)	-
Impairment of investment in associates	270,203	-
Change in fair value of investment properties	76,285	(721,482)
Provision charge for doubtful debts - net	495,600	709,942
Borrowing costs	341,747	189,090
	<b>23,750,079</b>	(13,312,613)
<b>Changes in operating assets and liabilities:</b>		
Receivables and other assets	(513,744)	(612,239)
Due from related parties	415,757	71,529
Financial assets at FVTPL	(23,390,611)	11,396,371
Due to related parties	85,161	(7,032)
Payables and other liabilities	339,996	(91,890)
Employees' end of service benefits paid	-	(108)
<b>Net cash from/(used in) operating activities</b>	<b>686,638</b>	(2,555,982)
<b>INVESTING ACTIVITIES</b>		
Purchase of financial assets at FVTOCI	(354,447)	(13,988)
Proceeds from sale of financial assets FVTOCI	37,739	948,591
Purchase investment in associates	(1,124,088)	-
Dividend income received	1,972,485	1,861,949
<b>Net cash from investing activities</b>	<b>531,689</b>	2,796,552
<b>FINANCING ACTIVITIES</b>		
Net movement in wakala payables	524,758	1,330,700
Borrowing costs paid	(341,747)	(189,090)
Dividends paid to shareholders	-	(499,660)
<b>Net cash from financing activities</b>	<b>183,011</b>	641,950
<b>Net increase in cash and cash equivalents</b>	<b>1,401,338</b>	882,520
Cash and cash equivalents at the beginning of the year	2,076,860	1,194,340
<b>Cash and cash equivalents at the end of the year</b>	<b>3,478,198</b>	2,076,860
<b>Non-cash transactions:</b>		
Financial assets at FVTOCI	733,704	-
Financial assets at FVTPL	4,631,490	-
Investment in associates	(5,365,194)	-

The notes set out on pages 21 to 57 form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

All amounts are in Kuwaiti Dinars

### 1 INCORPORATION AND ACTIVITIES

Kuwait International Investment Holding Company - KPSC ("the Company") was incorporated in accordance with the Amiri Decree issued on 22 September 1973, and Memorandum of Incorporation of a Kuwaiti Shareholding Company, authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department in the State of Kuwait under Ref. No. 1008/H/ Volume 2 dated September 13, 1973 and its subsequent amendments, in which the latest was notarised in the Commercial Register on 26 October 2020.

The shareholders in their Extra-Ordinary General Assembly held on 17 May 2023 approved to change the name of the Company from Kuwait International Investment Company – KPSC to Kuwait International Investment Holding Company – KSC (Closed), which was registered in the commercial register on 11 September 2023.

The Company's activities are as follows:

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

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

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

The Company's registered address is P.O. Box 22792 – Safat 13088, State of Kuwait.

The Company's Board of Directors approved these financial statements for issue on 21 May 2024. The general assembly of the Company's shareholders has the power to amend these financial statements after issuance.

### 2 BASIS OF PREPARATION

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

The financial statements are presented in Kuwaiti Dinars ("KD").

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

All amounts are in Kuwaiti Dinars

### 3 STATEMENT OF COMPLIANCE

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

### 4 CHANGES IN ACCOUNTING POLICIES

#### 4.1 New and amended standards adopted by the Company

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

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

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

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

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

#### IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 12 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

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

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

The amendments to IAS 8 provide an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

All amounts are in Kuwaiti Dinars

### 4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 4.1 New and amended standards adopted by the Company (continued)

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

The amendments introduce the following:

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

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

#### IFRS 17 Insurance Contracts

IFRS 17 supersedes the IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. It requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach

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

#### 4.2 IASB Standards issued but not yet effective

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

All amounts are in Kuwaiti Dinars

### 4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 4.2 IASB Standards issued but not yet effective (continued)

Standard or Interpretation	Effective for annual periods beginning
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments- Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments- Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IFRS 16 Amendments- Lease liability in a sale and leaseback	1 January 2024

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

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

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

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

#### IAS 1 Amendments - Classification of liabilities with debt covenants

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

All amounts are in Kuwaiti Dinars

### 4 CHANGES IN ACCOUNTING POLICIES

#### 4.2 IASB Standards issued but not yet effective (continued)

#### IAS 7 and IFRS 7 Amendments – Supplier finance arrangements

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

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

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

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

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

#### IAS 21 Amendments – Lack of exchangeability

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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All amounts are in Kuwaiti Dinars

### 4 CHANGES IN ACCOUNTING POLICIES

#### 4.2 IASB Standards issued but not yet effective (continued)

##### IAS 16 Amendments – Lease liability in a sale and leaseback

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction.

The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

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

### 5 MATERIAL ACCOUNTING POLICIES

The material accounting policies and measurements bases adopted in the preparation of the financial statements are summarised below:

#### 5.1 Rental income

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

#### 5.2 Dividend income

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

#### 5.3 Interest and similar income

Interest and similar income are recognised on accrual basis using the effective interest method

#### 5.4 Operating expenses

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

#### 5.5 Borrowing costs

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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All amounts are in Kuwaiti Dinars

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.6 Taxation

##### 5.6.1 Kuwait Foundation for the Advancement of Sciences (KFAS)

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

##### 5.6.2 Zakat

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

For the year ended 31 December 2023, the Company has no liability towards KFAS and Zakat due to tax losses.

#### 5.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period in which they arise. Fair values are estimated by management with the assistance of valuation provided by accredited external valuers.

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

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

#### 5.8 Investment properties under development

Investment properties under development represents property held for future use as investment property and is initially measured at cost. Subsequently, property under development are carried at fair value that is determined based on valuation performed by independent valuer at the end of each year using valuation methods consistent with the market conditions at the reporting date. Gains or losses from change in the fair value are recognised in the statement of profit or loss.

If the Company determines that the fair value of an investment property under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Company measures that property under development at cost until either its fair value become reliably determinable or development is completed (whichever is earlier).

Investment properties under development are classified as non-current assets, unless otherwise specified.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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All amounts are in Kuwaiti Dinars

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.9 Leases

##### *The Company as a lessee*

For any new contracts entered into on or after 1 January 2020, the Company considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

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

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

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

##### Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

##### *Right-of-use asset*

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

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

Subsequent to initial measurement, the Company accounts for its right-of-use assets as investment properties carried at fair value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value is immediately recognised in the statement of profit or loss.

##### *Lease liability*

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

All amounts are in Kuwaiti Dinars

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.9 Leases (continued)

##### *Lease liability (continued)*

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

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

##### *The Company as a lessor*

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

When the Company is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contacts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

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

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Company’s net investment outstanding for the finance lease.

#### 5.10 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

All amounts are in Kuwaiti Dinars

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.10 Investment in associates (continued)

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

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

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

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

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

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

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

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

#### 5.11 Impairment testing of non-financial assets

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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All amounts are in Kuwaiti Dinars

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.11 Impairment testing of non-financial assets (continued)

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

#### 5.12 Financial instruments

##### 5.12.1 Recognition, initial measurement and derecognition

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

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

All amounts are in Kuwaiti Dinars

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.12 Financial instruments (continued)

##### 5.12.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive (FVTOCI)

The classification is determined by both:

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

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

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (Note 5.11.3); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. In this period presented, no such irrevocable designation has been made.

##### 5.12.3 Subsequent measurement of financial assets

###### Financial assets at amortised cost

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

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

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

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

###### a. Cash and cash equivalents

Cash and cash equivalent represent bank balance and time deposits placed with financial institutions with a maturity of less than three months.

###### b. Receivables and other financial assets

Trade receivable are stated at original invoice amount less allowance for impairment.

###### c. Due from related parties

Due from related parties are financial assets originated by the Company by providing money/assets directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.12 Financial instruments (continued)

##### 5.12.3 Subsequent measurement of financial assets (continued)

###### Financial assets at FVTPL

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

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

The Company's financial assets at FVTPL comprise of investments in equity shares in quotes securities.

###### Financial assets at FVTOCI

The Company's financial assets at FVTOCI comprise of investments in managed portfolios and funds and unquoted equity participation.

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

A financial asset is held for trading if:

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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All amounts are in Kuwaiti Dinars

### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.12 Financial instruments (continued)

##### 5.12.4 Impairment of financial assets

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

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

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

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

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

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.12 Financial instruments (continued)

##### 5.12.5 Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include wakala payable and other liabilities.

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

##### Financial liabilities at amortised cost

These are stated at amortised cost using effective interest rate method. The Company categorises financial liabilities other than at FVTPL into the following categories:

##### *Wakala payable*

Wakala payable represent borrowings under Islamic principles, whereby the Company receives funds for the purpose of financing its investment activities and are stated at amortised cost. Deferred borrowing costs are expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

##### *Payables and other liabilities*

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

##### *Due to related parties*

Due to related parties are financial liabilities arising in the normal courses of the business and are not quoted in an active market.

#### 5.13 Amortised cost of financial instruments

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

#### 5.14 Offsetting of financial instruments

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

#### 5.15 Fair value of financial instruments

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 21.3



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.16 Equity, reserves and dividend payments

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

Statutory and voluntary reserve comprises appropriations of prior period profits in accordance with the requirements of the commercial companies' law and the Company's Articles of Association.

Cumulative change in fair value comprises gains and losses relating to financial assets at fair value through other comprehensive income.

Retained earnings includes all current and prior period accumulated losses and retained profits. All transactions with owners of the Company are recorded separately within equity.

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

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

#### 5.17 Provisions, contingent assets and contingent liabilities

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

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

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

#### 5.18 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Company entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the statement of profit or loss and "financial assets at fair value through other comprehensive income" are reported as part of the cumulative change in fair value reserve within other comprehensive income.

In the Company's financial statements, all assets, liabilities and transactions of Company entities with a functional currency other than the KD are translated into KD.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 5.19 End of service indemnity

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

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

#### 5.20 Climate-related matters

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

### 6 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

#### 6.1 Significant management judgments

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

##### 6.1.1 Business model assessment

The Company classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 5.11). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 6 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

#### 6.1 Significant management judgments (continued)

##### 6.1.2 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the statement of profit or loss.

The Company classifies property as trading property if it is acquired principally for sale in the ordinary course of business. And if such properties are under development with an intention of being sold in future they are classified under trading properties under development.

The Company classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use. And if such properties are under development they are classified under investment properties under development.

#### 6.2 Estimates uncertainty

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

##### 6.2.1 Impairment of associates

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

##### 6.2.2 Impairment of financial assets

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

##### 6.2.3 Fair value of financial instruments

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 6 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

#### 6.2 Estimates uncertainty (continued)

##### 6.2.4 Revaluation of investment properties and investment properties under development

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

Where the Company determines that the fair value of an investment properties under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Company measures these investment properties under development at cost until either its fair value become reliably determinable or development is completed (whichever is earlier). When the fair value becomes reliably measurable, the fair value of such properties may vary from the actual cost.

### 7 RENTAL INCOME

Rental income includes an amount of KD1,428,808(31 December 2022: KD1,386,907) arising from management of a building leased in accordance with an agreement with the Ministry of Finance – State's Properties Management Department for a fixed annual consideration payable to the Ministry. The agreement expired on 22 October 2010.

However, the Company paid the rent due for utilizing the property up to 22 October 2024, in accordance with the original agreement signed with the Ministry of Finance - State Property Management Department. The Company continues to manage the property pending renewal of the agreement.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 8 NET GAIN/(LOSS) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Net gain/(loss) on financial assets and financial liabilities, analysed by category, is as follows:

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
<b>Financial assets at fair value through profit or loss (FVTPL):</b>		
- Change in fair value of financial assets at FVTPL	<b>15,771,950</b>	(10,629,222)
- Gain on sale of financial assets at FVTPL	<b>8,235,184</b>	(3,008,870)
- Dividend income	<b>693,493</b>	807,837
<b>Financial assets at fair value through other comprehensive income (FVTOCI):</b>		
- Change in fair value recognised directly in other comprehensive income	<b>1,248,196</b>	1,215,970
- Dividend income recognised directly in statement of profit or loss	<b>1,278,992</b>	1,054,112
<b>Financial assets at amortised cost:</b>		
- Provision for doubtful debts	<b>(648,113)</b>	(709,942)
<b>Financial liabilities at amortised cost:</b>		
- Borrowing costs	<b>(341,747)</b>	(189,090)
	<b>26,237,955</b>	(11,459,205)
Net gain /(loss) recognised in the statement of profit or loss	<b>24,989,759</b>	(12,675,175)
Net gain recognised in the statement of profit or loss and other comprehensive income	<b>1,248,196</b>	1,215,970
	<b>26,237,955</b>	(11,459,205)



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 Dec. 2023 KD	31 Dec. 2022 KD
Quoted securities	<b>165,433</b>	211,754
Managed funds and portfolios	<b>5,200,882</b>	4,821,675
Unquoted securities	<b>20,487,707</b>	19,989,390
	<b>25,854,022</b>	25,022,819

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

During the year, management reclassified a financial asset at FVTOCI with a carrying value of KD733,704 to investment in associates (note 12a) as a result, management assessed that the Company is able to exercise significant influence over the investee.

Financial assets at FVTOCI include an investment in a portfolio amounting to KD397,474 (31 December 2022: KD297,685) managed by a related party.

Financial assets at FVTOCI include an investment in a portfolio amounting to KD4,790,170 (31 December 2022: KD4,509,308) pledged against wakala payables (note 17).

Financial assets at FVTOCI include one investment with a carrying value of KD1,252,196 (2022: KD1,068,108) where the Company owns the entire share capital of the investee. This investment has been accounted for as an unconsolidated structured entity with a sole purpose of owning underlying investment. The investment is owned by a related party who has confirmed in writing that it owns the shares in the investee on and for the benefit of the Company.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 10 INVESTMENT PROPERTIES UNDER DEVELOPMENT

The Company jointly owns a right of use of a real estate property in Kuwait. The owners of the right of use include related parties, and the property is managed by a related party. The Company's aggregate share in the right of use is 10.983%.

The fair value of the investment has been determined based on an appraisal performed by an independent, professionally qualified property valuer. The appraisal was carried out using market comparison approach and is categorized as level 2 under the fair value hierarchy as at 31 December 2023 and 2022.

### 11 INVESTMENT PROPERTIES

This represents 64.2% share in a property located in Dubai - United Arab Emirates. The property was acquired for USD5,900,000 (equivalent to KD1,791,240) pursuant to a sale and purchase agreement dated 28 October 2015 between the Company and a related party. As per the sale and purchase agreement, the property's title deed will continue to be registered under the seller's name. However, both the buyer and the seller retained a repurchase and resale right (call and put option) which expired on 31 December 2022 at an amount equal to the carrying value of the property. During the period, the original sale and purchase agreement was extended to 31 December 2023

Upon expiry on 31 December 2023, the agreement has been extended for more one year expire on 31 December 2024. Accordingly, management obtained an independent valuation for the property and recognized a loss of KD76,285. The property continued to be in the name of the seller who has given an undertaking that it is held for and on behalf of the Company. Further, the property is managed by the seller in return for 5% (2022: 5%) of the original purchase price as an annual rate of return, payable to the Company every three months.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 12 INVESTMENT IN ASSOCIATES

The details of the associates are as follows:

	Country of incorporation	Ownership		Purpose
		31 Dec. 2023	31 Dec. 2022	
<b>Financial assets:</b>				
First Financial Holding Company – WLL (a)	<b>Kuwait</b>	<b>49%</b>	-	<b>Holding Company</b>
5th Pillar Family Takaful Limited (b)	<b>Pakistan</b>	<b>42%</b>	-	<b>Takaful Insurance</b>
Vacation Club Venture Co. Ltd. (C)	<b>United Arab Emirates</b>	<b>28%</b>	-	<b>Property management</b>

a) During the period, management assessed that it exercises significant influence on one of its investments previously classified as at 31 December 2022 as financial asset through other comprehensive income with carrying value of KD733,704. The reclassification did not result in any goodwill or gain on bargain purchase.

b) During the period, the Company participated in the capital increase of 5th Pillar Family Takaful Limited. As a result, the Company owns 42% of the share capital of the investee. Management assessed that it exercises significant influence over the investee and accordingly, has classified as an investment in associate.

	KD equivalent
Consideration paid	<b>1,124,088</b>
Less: proportionate ownership in the net assets of 5th Pillar	<b>853,885</b>
Goodwill on acquisition-written off *	<b>270,203</b>

\* The write-off was recognised in the statement of profit or loss for the year under "impairment of investment in associate"

c) During the period, management assessed that it exercises significant influence on one of its investments previously classified as at 31 December 2022 as financial asset through profit or loss with carrying value of KD4,631,490. The reclassification resulted in recognizing a gain on bargain acquisition of KD572,560 in the statement of profit or loss

The associates are unquoted.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 13 RECEIVABLES AND OTHER ASSETS

	31 Dec. 2023 KD	31 Dec. 2022 KD
<b>Financial assets:</b>		
Tenants receivables	767,872	798,709
Provision for doubtful debts	(641,492)	(703,555)
	<b>126,380</b>	95,154
Dividend receivable	2,318,052	1,760,389
Provision for doubtful debts	(2,318,052)	(1,760,389)
	<b>126,380</b>	95,154
Others	49,555	53,589
	<b>175,935</b>	148,743
<b>Non-financial assets:</b>		
Prepaid expenses	424,125	431,031
Others	1,066	3,211
	<b>425,191</b>	434,242
	<b>601,126</b>	582,985

The movement in the provision for doubtful debt is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at the beginning of the year	2,463,944	1,754,002
Charged during the year	648,113	709,942
Provision reversal for the year	(152,513)	-
Balance at the end of the year	<b>2,959,544</b>	2,463,944



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 Dec. 2023 KD	31 Dec. 2022 KD
Quoted securities	39,155,834	21,912,135
Managed funds and portfolios	12,837,764	6,680,067
Unquoted securities	20,738	4,663,013
	<b>52,014,336</b>	33,255,215

Financial assets at FVTPL include an investment in a portfolio amounting to KD12,837,764 (31 December 2022: KD6,680,067) pledged against wakala payables (note 17).

During the year, management reclassified a financial asset at FVTPL with a carrying value of KD4,631,490 to investment in associates (note 12c) as a result, management assessed that the Company is able to exercise significant influence over the investee.

### 15 CASH AND CASH EQUIVALENTS

	31 Dec. 2023 KD	31 Dec. 2022 KD
Cash on hand and at banks	701,918	1,864,170
Cash at portfolios managed by others	2,776,280	212,690
	<b>3,478,198</b>	2,076,860



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 16 STATUTORY AND VOLUNTARY RESERVES

#### Statutory reserve

As required by the Companies Law and the Company's Articles of Association, 10% of the profit before provision for contribution to KFAS and Zakat is transferred to the statutory reserve until the balance reaches 50% of the Company's issued and paid-up capital. Any transfer to the statutory reserve thereafter is subject to approval of the general assembly.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the distribution of a dividend of that amount. No transfer is required in a year in which losses are made.

#### Voluntary reserve

In accordance with the Company's Articles of Association, a certain percentage of the profit before contribution to KFAS and Zakat provision is to be transferred to the voluntary reserve at the discretion of the Board of Directors which is to be approved at the General Assembly. There are no restrictions on distribution of voluntary reserve.

The shareholders of Company resolved to discontinue transfers to statutory and voluntary reserves in their Annual General Meeting held on 27 July 2020.

### 17 WAKALA PAYABLE

On 30 August, 2022, the Company entered into a wakala financing agreement with a local Islamic bank amounting to KD7,000,000 of which an amount of KD6,267,784 was outstanding as of 31 December 2023. As per the agreement, 25% of the utilised amount will be paid in 10 semi-annual instalments and the balance of 75% will be paid as a balloon repayment at the end of the five years. The instalments due in the next twelve months are shown under current liabilities.

The facility is secured by pledge of financial assets at FVTOCI of KD4,790,170 (31 December 2022: KD4,509,308) (note 9) and financial assets at FVTPL of KD12,837,764 (31 December 2022: KD6,680,067) (note 14).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 18 PAYABLES AND OTHER LIABILITIES

	31 Dec. 2023 KD	31 Dec. 2022 KD
Accrued expenses	25,093	80,643
Unearned income	65,276	91,436
KFAS payable	1,629,716	1,366,189
Zakat payable	385,345	127,650
Other payable	416,217	515,733
	<b>2,521,647</b>	<b>2,181,651</b>

Provision for taxation includes provision for KFAS charged during the year amounting to KD263,527 (31 December 2022: Nil).

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 19 RELATED PARTY BALANCES AND TRANSACTIONS

The Company has entered into various transactions with related parties, i.e. shareholders, board of directors' members, key management personnel and other related parties. Prices and terms of payment are approved by the Company's management. Significant related party balances and transactions are as follows:

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

	Major shareholders KD	Other related parties KD	Total 31 Dec. 2023 KD	Total 31 Dec. 2022 KD
<b>Balances included in the statement of financial position:</b>				
Financial assets at FVTOCI	397,474	1,466,921	1,864,395	2,200,793
Financial assets at FVTPL	31,976,040	-	31,976,040	16,969,925
Investment properties	-	1,808,645	1,808,645	1,884,930
Due from related parties	-	950,221	950,221	1,365,978
Due to related parties	(668,928)	(85,161)	(754,089)	(668,928)

	31 Dec. 2023 KD	31 Dec. 2022 KD
<b>Amounts included in the statement of profit or loss:</b>		
Rental income, net	(54,550)	(54,477)
Change in fair value of investments at FVTPL	8,519,854	(9,832,571)
Gain on sale of investment at FVTPL	7,590,370	(2,918,926)
Change in fair value of investment properties	(76,285)	721,482
Cash dividend	689,083	586,935
General and administrative expenses	(367,550)	(448,313)



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 20 ANNUAL GENERAL ASSEMBLY AND PROPOSED DIVIDEND

The board of directors of the Company proposed to distribute cash dividend to the shareholders of 15% equivalent to 15 Fils per share, and to issue 25% bonus shares, and an amount of KD60,000 as remuneration to the Company's Board of Directors for the year ended 31 December 2023.

The Annual General Assembly of the shareholders of the Company held on 17 May 2023 approved the financial statements of the Company for the year ended 31 December 2022 and to pay the board of directors an amount of KD40,000 as remuneration for the year ended 31 December 2022 which has been expensed in the statement of profit or loss and other comprehensive income for the current period under "general and administrative expenses".

The Annual General Assembly of the shareholders of the Company held on 16 June 2022 approved the financial statements of the Company for the year ended 31 December 2021. The General Assembly also approved the increase of the authorised, issued and paid up share capital from KD3,352,797 (represented by 33,527,969 shares of 100 fils each) to KD4,023,356 (represented by 40,233,562 Shares of 100 fils) through issue of bonus shares amounting to KD670,559, to distribute dividends of 15% of the share capital and to pay the board of directors an amount of KD80,000 as remuneration for the year ended 31 December 2021 which has been expensed in the statement of profit or loss and other comprehensive income for the current period under "general and administrative expenses". The increase in share capital was registered in the commercial register on 1 August 2022.

### 21 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY AND FAIR VALUE MEASUREMENT

#### 21.1 Categories of financial assets and financial liabilities

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

	31 Dec. 2023 KD	31 Dec. 2022 KD
<b>Financial assets:</b>		
<b>At amortised cost:</b>		
Receivables and other assets (note 13)	175,935	148,743
Due from related parties	950,221	1,365,978
Cash and cash equivalents	3,478,198	2,076,860
	<b>4,604,354</b>	<b>3,591,581</b>
<b>At fair value:</b>		
Financial assets at FVTPL	52,014,336	33,255,215
Financial assets at FVTOCI	25,854,022	25,022,819
	<b>77,868,358</b>	<b>58,278,034</b>
Total financial assets	<b>82,472,712</b>	<b>61,869,615</b>
<b>Financial liabilities:</b>		
<b>At amortised cost:</b>		
Wakala payables	6,267,784	5,743,026
Due to related parties	754,089	668,928
Payables and other liabilities	2,521,647	2,181,651
	<b>9,543,520</b>	<b>8,593,605</b>



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### 21 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY AND FAIR VALUE MEASUREMENT (CONTINUED)

#### 21.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are carried at fair value and measurement details are disclosed in Note 21.3 to the financial statements. In the opinion of the Company's management, the carrying amounts of all financial assets and liabilities which are at amortised costs is considered a reasonable approximation of their fair values.

The Company also measures non-financial asset such as investment properties at fair value at each annual reporting date.

#### 21.3 Fair value hierarchy for financial instruments measured at fair value

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 21 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY AND FAIR VALUE MEASUREMENT (CONTINUED)

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

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

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>At 31 December 2023</b>					
<b>Assets at fair value</b>					
Financial assets at FVTPL					
- Quoted securities	a	39,155,834	-	-	39,155,834
- Managed funds and portfolios	c	12,837,760	-	-	12,837,760
- Unquoted securities	b	-	20,742	-	20,742
Financial assets at FVTOCI					
- Quoted securities	a	165,433	-	-	165,433
- Managed funds and portfolios	c	5,187,644	13,238	-	5,200,882
- Unquoted securities	b	-	-	20,487,707	20,487,707
		<b>57,346,671</b>	<b>33,980</b>	<b>20,487,707</b>	<b>77,868,358</b>

#### At 31 December 2022

##### Assets at fair value

Financial assets at FVTPL					
- Quoted securities	a	21,912,135	-	-	21,912,135
- Managed funds and portfolios	c	6,680,067	-	-	6,680,067
- Unquoted securities	b	-	31,523	4,631,490	4,663,013
Financial assets at FVTOCI					
- Quoted securities	a	211,754	-	-	211,754
- Managed funds and portfolios	c	4,806,993	14,682	-	4,821,675
- Unquoted securities	b	-	-	19,989,390	19,989,390
		<b>33,610,949</b>	<b>46,205</b>	<b>24,620,880</b>	<b>58,278,034</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 21 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY AND FAIR VALUE MEASUREMENT (CONTINUED)

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

##### Measurement at fair value

The Company's finance team performs valuations of financial instruments for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

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

##### Financial instruments in level 1 and level 3

##### a) Quoted securities

Quoted securities represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1).

##### b) Unquoted securities

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

##### c) Managed funds and portfolios

The underlying investments in local and foreign managed funds and portfolios mainly represent local and foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the specialised investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

##### Level 3 Fair value measurements

The Company's measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The impact on profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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### 21 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY AND FAIR VALUE MEASUREMENT (CONTINUED)

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

The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	Financial assets at FVTPL	
	31 Dec. 2023 KD	31 Dec. 2022 KD
Opening balance	4,631,490	4,271,621
Disposal	(4,631,490)	-
Change in fair value	-	359,869
<b>Closing balance</b>	<b>-</b>	<b>4,631,490</b>

	Financial assets at FVTOCI	
	31 Dec. 2023 KD	31 Dec. 2022 KD
Opening balance	19,989,390	18,276,428
Additions	4,513,183	(741,948)
Disposals	(4,930,175)	-
Change in fair value	915,309	2,454,910
<b>Closing balance</b>	<b>20,487,707</b>	<b>19,989,390</b>



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December 31, 2023

All amounts are in Kuwaiti Dinars

### 22 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprise of wakala payable, payables and other liabilities. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as cash and cash equivalents, receivable and other asset which arise directly from operations.

The Company's activities expose it to variety of financial risks: market risk, credit risk and liquidity risk.

The Company's board of directors manages each of the risks discussed below.

The Company does not use derivative financial instruments.

The most significant financial risks to which the Company is exposed are described below:

#### 22.1 Market risk

##### a) Foreign currency risk

Foreign currency risk is the risk that the value of monetary financial instruments will fluctuate due to changes in foreign exchange rates. As at the reporting date the Company does not have any significant exposure to foreign currency denominated monetary assets or monetary liabilities and therefore, the Company is not exposed to any significant foreign currency risks.

##### b) Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Company has no significant interest-bearing liabilities other than wakala payable which is at floating interest rate. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The board monitors the interest rate risk by setting limits.

The following table illustrates the sensitivity of the profit for the year to a reasonably possible change in interest rates of +1% and -1% (31 December 2022: +1% and -1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition.

The calculations are based on the Company's financial instruments held at each reporting date. All other variables are held constant. There is no direct impact on the Company's equity:

	31 Dec. 2023		31 Dec. 2022	
	+1% KD	-1% KD	+1% KD	-1% KD
Profit for the year	62,678	(62,678)	57,430	(57,430)

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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All amounts are in Kuwaiti Dinars

### 22 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### 22.1 Market risk (continued)

##### c) Equity price risk

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

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolios.

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

A positive number below indicates an increase in profit and increase in the other comprehensive income where the equity prices increase by 5%. All other variables are held constant.

	Profit for the year		Other comprehensive income	
	31 Dec. 2023 KD	31 Dec. 2022 KD	31 Dec. 2023 KD	31 Dec. 2022 KD
Financial assets at FVTPL	2,600,717	1,662,761	-	-
Financial assets at FVTOCI	-	-	1,292,701	1,251,141

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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All amounts are in Kuwaiti Dinars

### 22 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### 22.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is monitored on an ongoing basis.

The Company's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarized below:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Financial assets at FVTOCI	25,854,022	25,022,819
Receivables and other assets (note 13)	175,935	148,743
Due from related parties	950,221	1,365,978
Financial assets at FVTPL	52,014,336	33,255,215
Cash and cash equivalents	3,478,198	2,076,860
	<b>82,472,712</b>	<b>61,869,615</b>

The Company monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The Company is not exposed to any significant credit risk exposure to any single counterparty. It is the Company's policy to measure such instruments on a 12-month ECL basis. However, the ECL provision on these balances are not material to the Company's financial statements.

The credit risk for bank balances and cash at portfolios managed by others, receivables and other assets is considered negligible, since the counterparties are with high credit quality and no history of default.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

All amounts are in Kuwaiti Dinars

### 22 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### 22.3 Liquidity risk

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

The table below summarises the contractual maturity of financial liabilities based on undiscounted cash flows:

	Up to 1 month KD	1-3 months KD	3-12 months KD	More than 1 year KD	Total KD
<b>31 DECEMBER 2023</b>					
<b>Financial liabilities</b>					
Provision for employees' end of service indemnity	-	-	-	72,852	72,852
Wakala payable	-	-	358,784	5,909,000	6,267,784
Due to related parties	-	-	754,089	-	754,089
Payables and other liabilities	-	65,275	2,456,372	-	2,521,647
	<b>-</b>	<b>65,275</b>	<b>3,569,245</b>	<b>5,981,852</b>	<b>9,616,372</b>
<b>31 DECEMBER 2022</b>					
<b>Financial liabilities</b>					
Provision for employees' end of service indemnity	-	-	-	63,415	63,415
Wakala payable	-	-	304,726	5,438,300	5,743,026
Due to related parties	-	-	668,928	-	668,928
Payables and other liabilities	-	91,436	2,090,215	-	2,181,651
	<b>-</b>	<b>91,436</b>	<b>3,063,869</b>	<b>5,501,715</b>	<b>8,657,020</b>

### 23 CAPITAL MANAGEMENT OBJECTIVES

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to provide adequate return to its shareholders through optimisation of the capital structure.

The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, buy back treasury shares, issue new shares or sell assets to reduce debt. The Company's management monitors the return on capital.

