Wafra International Investment Company K.S.C. (Closed) and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Ernst & Young
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAFRA INTERNATIONAL INVESTMENT COMPANY K.S.C. (CLOSED)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Wafra International Investment Company K.S.C. (Closed) (the "Parent Company") and its subsidiary (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAFRA INTERNATIONAL INVESTMENT COMPANY K.S.C. (CLOSED) (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WAFRA INTERNATIONAL INVESTMENT COMPANY K.S.C. (CLOSED) (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the year ended 31 December 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
AL-AIBAN, AL-OSAIMI & PARTNERS

5 March 2024
Kuwait

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	***2023*** ***KD***	*2022* *KD*
INCOME			
Fee income	4	**11,013,976**	13,899,198
Interest income		**1,401,149**	823,700
Unrealised loss from financial assets at fair value through profit or loss		**(1,658)**	(1,306,522)
Realised loss on sale of financial assets at fair value through profit or loss		**(175,990)**	(2,492,695)
Realised gain (loss) on sale of debt investments at fair value through other comprehensive income		**11,175**	(165,026)
Realised gain on financial assets at amortised cost		**1,701**	-
Share of results of an associate	10	**170,659**	(411,623)
Dividend income		**1,327,661**	1,370,420
Foreign currency gain		**265,644**	199,218
		14,014,317	11,916,670
EXPENSES			
Allowance for expected credit losses	11,12	**(66,387)**	(19,715)
Administrative expenses	5	**(5,883,403)**	(5,784,128)
		(5,949,790)	(5,803,843)
PROFIT BEFORE KFAS, ZAKAT AND DIRECTORS' REMUNERATION		**8,064,527**	6,112,827
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		**(78,563)**	(60,784)
Zakat		**(95,267)**	(75,054)
Directors' remuneration	19	**(152,269)**	(111,356)
PROFIT FOR THE YEAR		**7,738,428**	5,865,633
Attributable to:			
Equity holders of the Parent Company		**7,864,836**	5,831,245
Non-controlling interests		**(126,408)**	34,388
		7,738,428	5,865,633
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (EPS)	6	**52.43 fils**	38.87 fils

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 ***KD***	*2022* *KD*
Profit for the year	**7,738,428**	5,865,633
Other comprehensive income:		
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**6,578**	45,331
Debt instruments at fair value through other comprehensive income:		
Net change in fair value during the year	**18,678**	(383,617)
Net (gain) loss on sale transferred to profit or loss during the year	**(11,175)**	165,026
Net movement in (allowance) reversal for expected credit losses	**(40)**	19,192
	14,041	(154,068)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Net change in fair value of equity instruments designated at fair value through other comprehensive income	**4,982,742**	2,415,096
Total other comprehensive income	**4,996,783**	2,261,028
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**12,735,211**	8,126,661
Attributable to:		
Equity holders of the parent company	**12,854,002**	8,089,523
Non-controlling interests	**(118,791)**	37,138
	12,735,211	8,126,661

The attached notes 1 to 24 form part of these consolidated financial statements.

Wafra International Investment Company K.S.C. (Closed) and subsidiary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 KD	2022 KD
ASSETS			
Cash and cash equivalents	7	**3,873,161**	6,135,957
Term deposits	8	**14,939,352**	12,323,319
Account receivables and other assets	9	**3,411,074**	4,284,085
Investment in an associate	10	**1,353,781**	644,558
Financial assets at fair value through profit or loss	11	**42,549,399**	36,096,618
Financial assets at fair value through other comprehensive income	11	**48,763,820**	46,406,056
Loan to a customer		**830**	-
Financial assets at amortised cost	12	**9,658,291**	7,194,178
Right-of-use assets		**246,766**	391,006
Property and equipment		**193,071**	216,679
Software		**190,932**	252,403
TOTAL ASSETS		**125,180,477**	113,944,859
LIABILITIES AND EQUITY			
Liabilities			
Account payables and other accruals	13	**3,173,468**	2,649,173
Lease liabilities		**258,303**	408,014
Employees' end of service benefits		**2,782,205**	2,418,828
Total liabilities		**6,213,976**	5,476,015
Equity			
Share capital	14	**15,000,000**	15,000,000
Statutory reserve	15	**14,910,251**	14,091,157
Voluntary reserve	16	**14,942,955**	14,123,861
Fair value reserve		**11,158,430**	7,408,859
Foreign currency translation reserve		**34,867**	35,906
Retained earnings		**62,301,950**	57,072,222
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		**118,348,453**	107,732,005
Non-controlling interest		**618,048**	736,839
Total equity		**118,966,501**	108,468,844
TOTAL LIABILITIES AND EQUITY		**125,180,477**	113,944,859

Ghazi F. Al Hajeri
Chief Executive Officer

Abdullah Mohammad Al-Mutairi
Chairman

The attached notes 1 to 24 form part of these consolidated financial statements.

Wafra International Investment Company K.S.C. (Closed) and subsidiary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital KD	*Statutory reserve KD*	*Voluntary reserve KD*	*Fair value reserve KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Sub total KD*	*Non-controlling interest KD*	*Total KD*
As at 1 January 2023	15,000,000	14,091,157	14,123,861	7,408,859	35,906	57,072,222	107,732,005	736,839	108,468,844
Profit (loss) for the year	-	-	-	-	-	7,864,836	7,864,836	(126,408)	7,738,428
Other comprehensive income (loss)	-	-	-	4,990,205	(1,039)	-	4,989,166	7,617	4,996,783
Total comprehensive income (loss) for the year	-	-	-	4,990,205	(1,039)	7,864,836	12,854,002	(118,791)	12,735,211
Transfer of gain on disposal of equity investments designated at FVOCI	-	-	-	(1,240,634)	-	1,240,634	-	-	-
Group's share of associate's write-back of dividend	-	-	-	-	-	12,446	12,446	-	12,446
Dividend (Note 17)	-	-	-	-	-	(2,250,000)	(2,250,000)	-	(2,250,000)
Transfer to reserves	-	819,094	819,094	-	-	(1,638,188)	-	-	-
Balance as at 31 December 2023	**15,000,000**	**14,910,251**	**14,942,955**	**11,158,430**	**34,867**	**62,301,950**	**118,348,453**	**618,048**	**118,966,501**
As at 1 January 2022	15,000,000	13,483,313	13,516,017	6,287,524	(6,675)	55,862,303	104,142,482	289,450	104,431,932
Profit for the year	-	-	-	-	-	5,831,245	5,831,245	34,388	5,865,633
Other comprehensive income	-	-	-	2,215,697	42,581	-	2,258,278	2,750	2,261,028
Total comprehensive income for the year	-	-	-	2,215,697	42,581	5,831,245	8,089,523	37,138	8,126,661
Transfer of gain on disposal of equity investments designated at FVOCI	-	-	-	(1,094,362)	-	1,094,362	-	-	-
Dividend (Note 17)	-	-	-	-	-	(4,500,000)	(4,500,000)	-	(4,500,000)
Transfer to reserves	-	607,844	607,844	-	-	(1,215,688)	-	-	-
Transaction with non-controlling interest	-	-	-	-	-	-	-	410,251	410,251
Balance as at 31 December 2022	15,000,000	14,091,157	14,123,861	7,408,859	35,906	57,072,222	107,732,005	736,839	108,468,844

The attached notes 1 to 24 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 KD	2022 KD
OPERATING ACTIVITIES			
Profit before KFAS, Zakat and directors' remuneration		**8,064,527**	6,112,827
Adjustments to reconcile profit before tax and directors' remuneration to net cash flows:			
Amortisation of-right-of use asset		**212,260**	157,737
Depreciation and amortisation of property and equipment and software		**134,860**	94,713
Provision for employees' end of service benefits		**385,754**	509,107
Interest income		**(1,401,149)**	(823,700)
Dividend income		**(1,327,661)**	(1,370,420)
Unrealised loss from financial assets at fair value through profit or loss		**1,658**	1,306,522
Realised loss on sale of financial assets at fair value through profit or loss		**175,990**	2,492,695
Realised (gain) loss on sale of debt investments at fair value through other comprehensive income		**(11,175)**	165,026
Realised gain on financial assets at amortised cost		**(1,701)**	-
Share of results of an associate	10	**(170,659)**	411,623
Allowance for expected credit losses	11,12	**66,387**	19,715
Interest on lease liabilities		**15,850**	19,219
		6,144,941	9,095,064
Working capital adjustments:			
Financial assets at fair value through profit or loss		**(6,623,851)**	7,913,063
Account receivables and other assets		**796,688**	4,552,101
Loan to a customer		**(830)**	-
Account payables and other accruals		**334,034**	69,233
Repurchase agreements		-	(2,877,400)
Cash from operations		**650,982**	18,752,061
Dividend income received		**1,365,640**	1,383,778
Employees' end of service benefits paid		**(22,377)**	(10,998)
Taxes paid		**(135,838)**	(328,120)
Net cash flows from operating activities		**1,858,407**	19,796,721
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at FVOCI		**19,041,904**	13,724,066
Purchase of financial assets at FVOCI		**(16,398,328)**	(24,855,213)
Capital contribution to associate	10	**(526,118)**	-
Redemption of bonds at amortised cost	12	**1,500,000**	-
Purchase of bonds at amortised cost	12	**(4,028,759)**	(400,000)
Placement of term deposits		**(14,939,352)**	(12,323,319)
Maturity of term deposits		**12,323,319**	10,396,215
Purchase of property and equipment and software		**(49,781)**	(402,955)
Interest income received		**1,439,493**	822,097
Net cash flows used in investing activities		**(1,637,622)**	(13,039,109)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		**(233,581)**	(176,840)
Dividend paid	17	**(2,250,000)**	(4,500,000)
Net cash flows used in financing activities		**(2,483,581)**	(4,676,840)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,262,796)**	2,080,772
Cash and cash equivalents as at 1 January		**6,135,957**	4,055,185
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	7	**3,873,161**	6,135,957
Non-cash items excluded from consolidated statement of cashflows			
Additions to lease liabilities		**(68,020)**	168,522
Additions to right-of-use assets		**68,020**	(168,522)
Additions to non-controlling interest		-	(410,251)
Additions to financial assets at fair value through profit or loss		-	410,251

1 CORPORATE INFORMATION

The consolidated financial statements of Wafra International Investment Company K.S.C. (Closed) (the "Parent Company") and subsidiary (collectively, the "Group") were authorised for issue by the Board of Directors on 28 February 2024 and the shareholders of the Parent Company have the power to amend these consolidated financial statements at the annual general assembly meeting (AGM).

The Parent Company is a closed Kuwaiti shareholding company incorporated and domiciled in Kuwait. The registered address of the Parent Company is Al- Murqab – Abdulla Al-Mubark Street block 1 – Avenue # 800012 – Twin Tower - P.O. Box 27635, Safat 13137, State of Kuwait.

The Parent Company's primary objectives are as follows:

1. Investment in the real estate, industrial, agricultural fields, and other economic industries through contributing to incorporation of specialised entities, or subscription of the shares of these entities.
2. Transactions related to trading securities including, sale or purchase shares and bonds of Governmental companies and institutions that are only for the benefit of the Company.
3. Conducting the function of investment trustees, and investment portfolio management for others.
4. Mediation in lending and borrowing transactions for commission or fees; for the interest of the Company or for others.
5. Financing and brokerage in the international trade transactions.
6. Provision of research, studies, and other technical services related to the investment operations, and employment of the funds of others.
7. Establishment and management of mutual funds in accordance with the related Laws.
8. Conducting the functions of issuance managers for bonds issued by companies and institutions.

The Parent Company is wholly owned by The Public Institution for Social Security (PIFSS) (the "Ultimate Parent Company"). The Parent Company is regulated by the Central Bank of Kuwait (CBK) and the Capital Markets Authority (CMA) as a finance and investment company, respectively.

Details of the subsidiary are given in note 2.4.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the regulations issued by the Central Bank of Kuwait ("CBK") for financial services institutions in the State of Kuwait. These regulations require the expected credit loss ("ECL") on credit facilities to be measured at the higher of the amount computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") (*collectively referred to as IFRS, as adopted by CBK for use by the State of Kuwait*).

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Group.

The Group presents its consolidated statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 22.

2.2 CHANGES IN MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments had no impact on the Group's consolidated financial statements. The Group intends to use the practical expedients in future periods if they become applicable.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2023 did not have any material impact on the accounting policies, financial position or performance of the Group.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2.4 MATERIAL ACCOUNTING POLICIES INFOMATION

Basis of consolidation

The consolidated financial statement comprises the financial statements of the Parent Company and subsidiary as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The consolidated financial statements of the Group include:

			% equity interest	
Name	***Country of incorporation***	***Principal activities***	***2023***	*2022*
Wafra Mena Capital SPC Ltd	Cayman Islands	Investment entity	**100**	100
Wafra Mena Capital SPC - Pure Harvest SP *	Cayman Islands	Investment entity	**89**	89
Wafra Mena Capital SPC - SARY SP *	Cayman Islands	Investment entity	**73**	73

*Wafra Mena Capital SPC Ltd being a segregated portfolio company include two segregated portfolios: Pure Harvest Segregated Portfolio and SARY Segregated Portfolio

Revenue recognition

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

Management fees and commission income

The Group earns management fees and commission income from a diverse range of financial services it provides to its customers. Management fees and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Group's revenue contracts do not typically include multiple performance obligations.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Revenue recognition (continued)
Management fees and commission income (continued)
When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period of a service provided over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Interest income
Interest income is presented separately from revenue from contracts with customers in the consolidated statement of profit or loss and is over recognised at it accrues using the effective interest rate method.

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

Kuwait Foundation for the Advancement of Sciences (KFAS)
The Group calculates the contribution to KFAS at 1% of profit for the year, in accordance with the modified calculation based on the foundation's Board of Directors resolution, which states that the transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

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

Earnings per share (EPS)
Basic EPS amounts are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit for the year (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, non-restricted cash at banks, cash held in investment portfolios and short-term deposits that are due within three months and convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

Term deposits
Term deposits represent deposits with banks due after three months from the placement date and earn interest.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Financial instruments (continued)
Financial assets

a) Recognition and initial measurement
Account receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Account receivable without a significant financing component is initially measured at the transaction price.

b) Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.
All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, at FVOCI as at FVTPL if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Financial instruments (continued)
Financial assets (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

▸ Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
▸ Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
▸ Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
▸ Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

c) Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Financial instruments (continued)
Financial liabilities

a) Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and other accruals, lease liabilities and liabilities arising from repurchase agreements.

b) Subsequent measurement
Accounts payable and other liabilities
Accounts payable and other liabilities are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

c) Derecognition
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group applies a three-stage approach to measure the expected credit loss on bank balances and debt investments as follows:

Stage 1: 12 months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Impairment of financial assets (continued)

Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

For account receivables and other receivables, the Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the balances and the Group's economic environment.

The management considers a financial asset in default when the contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Write-off of financial assets at amortised cost

The Group writes off a financial asset at amortised cost when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

Measurement and recognition of expected credit losses

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 for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Fair value measurement

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

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

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

The Group's senior management determines the policies and procedures for recurring fair value measurement, such as unquoted equity investments.

The Group measures financial instruments such as investment in equity securities and mutual funds, at fair value at each reporting date. Fair-value related disclosures for financial instruments that are measured at fair value, including the valuation methods, significant estimates and assumptions are disclosed in Note 23

Investment in an associate
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in profit or loss.

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

Property and equipment
Property and equipment including capital work in progress are stated at cost, net of depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Depreciation is provided on all property and equipment, except land and capital work in progress, at rates calculated to write off the cost of each asset on a straight-line basis to their residual values over its expected useful life which is between 3 to 5 years for all property and equipment.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Property and equipment (continued)
The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation of these assets commences when the assets are ready for their intended use.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash-generating unit's (CGU) recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Impairment of non-financial assets (continued)
For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Employees' end of service benefits
The Group provides end of service benefits to all 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. The expected costs of these benefits are accrued over the period of employment.

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

Foreign currencies
Transactions in foreign currencies are recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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

Events after the reporting period
If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

3 ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Classification of investments
Classification of investments is based on management's intention at acquisition and requires considerable judgment.

Classification of financial assets
The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of investment in an associate
Investment in associates are accounted for under the equity method of accounting for associates, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the Group 's share of the net assets of the associates less any impairment losses. The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Impairment of financial assets at amortised cost
The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. For account receivables and other receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

4 FEE INCOME

	2023	*2022*
	KD	*KD*
Management fees	**11,002,937**	12,250,091
Incentive fees	**-**	1,505,207
Other fees	**11,039**	143,900
	11,013,976	13,899,198

	2023	*2022*
	KD	*KD*
Timing of revenue recognition		
Over time	**11,002,937**	12,250,091
At a point in time	**11,039**	1,649,107
Total revenue from contracts with customers	**11,013,976**	13,899,198

5 ADMINISTRATIVE EXPENSES

	2023	*2022*
	KD	*KD*
Staff costs	**4,592,074**	4,484,465
Depreciation and amortisation	**347,120**	252,450
Other administrative expenses	**944,209**	1,047,213
	5,883,403	5,784,128

6 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company for the year by the weighted average number of ordinary shares outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	2023	*2022*
Profit for the year attributable to equity holders of the Parent Company (KD)	**7,864,836**	5,831,245
Weighted average number of ordinary shares outstanding during the year (shares)	**150,000,000**	150,000,000
Basic and diluted earnings per share (fils)	**52.43**	38.87

7 CASH AND CASH EQUIVALENTS

	2023	*2022*
	KD	*KD*
Bank balances	**1,536,139**	1,179,993
Short-term deposits	**1,500,000**	3,414,393
Call accounts	**837,022**	1,541,571
	3,873,161	6,135,957

Short-term deposits are denominated in both local and foreign currencies with maturities of three months or less and earn an average effective interest rate of 4% (2022: 5.06%) per annum. Call accounts are also denominated in both local and foreign currencies.

8 TERM DEPOSITS

Term deposits are denominated in both local and foreign currencies having contractual maturities of more than three months and earn an average effective interest rate ranging from 3.4% to 5.65% (2022: 4.7% to 5.8%) per annum.

9 ACCOUNT RECEIVABLES AND OTHER ASSETS

	2023 ***KD***	*2022* *KD*
Accrued management fees	**2,746,612**	2,993,436
Advance subscriptions *	**125,723**	778,359
Other assets	**538,739**	512,290
	3,411,074	4,284,085

* Advance paid for subscriptions in local and foreign securities.

10 INVESTMENT IN AN ASSOCIATE

Name of the associate	***Country of incorporation***	***Effective equity interest %***		***Principal activities***
		2023	*2022*	
Sanam Real Estate K.S.C.P. ("Sanam")	Kuwait	**24.302%**	24.13%	Real estate

The following table illustrates the summarised financial information of the associate. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of these amounts.

	2023 ***KD***	*2022* *KD*
Current assets	**8,582,327**	1,747,503
Non-current assets	**2,224,115**	6,271,230
Current liabilities	**(46,549)**	(133,403)
Non-current liabilities	**(61,880)**	(50,235)
Equity	**10,698,013**	7,835,095
Group's share in equity	**2,599,832**	1,890,609
Impairment losses	**(1,246,051)**	(1,246,051)
Group's carrying amount	**1,353,781**	644,558
Revenue	**1,111,213**	354,710
Profit (loss) for the year	**702,241**	(1,705,854)
Group's share of profit (loss) for the year	**170,659**	(411,623)
Group's share of other equity movement	**12,446**	**-**

As at 31 December 2023, the fair value of the Group's interest in Sanam, which is listed in Boursa Kuwait (based on quoted market price) was KD 3,888,345 (2022: KD 1,771,840).

10 INVESTMENT IN AN ASSOCIATE (continued)

A reconciliation of the above summarised financial information to the carrying amount of the associate is set out below:

Reconciliation to carrying amounts:

	2023 ***KD***	*2022* *KD*
As at 1 January	**644,558**	1,056,181
Additional capital contribution	**526,118**	-
Share of result	**170,659**	(411,623)
Share of other equity movement	**12,446**	-
As at 31 December	**1,353,781**	644,558

11 INVESTMENT SECURITIES

	2023 ***KD***	*2022* *KD*
Financial assets at fair value through profit or loss:		
Local quoted shares	**481,804**	336,607
Local unquoted funds	**26,684,927**	26,237,137
Foreign unquoted shares	**3,993,042**	4,478,279
Foreign unquoted funds	**11,116,925**	5,044,595
Foreign debt instruments *	**272,701**	-
	42,549,399	36,096,618
Financial assets at fair value through other comprehensive income:		
Local unquoted equity securities	**1,124,229**	1,457,317
Local quoted equity securities	**8,011,951**	5,541,692
Foreign unquoted equity securities	**9,837,488**	10,965,959
Foreign quoted equity securities	**29,784,964**	26,416,633
Foreign quoted debt securities *	**5,188**	2,024,455
	48,763,820	46,406,056

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 23.

*All the foreign debt securities are classified under stage 1. ECL recognised on these securities during the year amounted to KD 40 (2022: KD 19,192).

12 FINANCIAL ASSETS AT AMORTISED COST

These represent investment in subordinated bonds issued by local banks and carry an interest rate of of 4% to 7% (2022: 4% to 5.75%) per annum and have maturity dates between December 2025 and November 2033 (2022: December 2023 and March 2026). Investments in bonds are classified under stage 1 and are subject to expected credit losses.

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL for debt instruments measured at amortised cost is as follows:

	2023 ***KD*** ***Stage 1***	*2022* *KD* *Stage 1*
Gross carrying value		
As at 1 January	**7,194,178**	6,794,701
Purchases during the year	**4,028,759**	400,000
Redemption during the year	**(1,500,000)**	-
Realised gain on derecognition	**1,701**	-
As at 31 December	**9,724,638**	7,194,701
Remeasurement of ECL	**(66,347)**	(523)
	9,658,291	7,194,178

13 ACCOUNT PAYABLES AND OTHER ACCRUALS

	2023 ***KD***	*2022* *KD*
Account payables	**597,587**	563,139
Accrued expenses	**1,863,741**	1,438,990
Other liabilities	**538,310**	511,186
Zakat	**95,267**	75,074
Kuwait Foundation for Advancement of Sciences (KFAS)	**78,563**	60,784
	3,173,468	2,649,173

14 SHARE CAPITAL

Authorized, issued and fully paid up share capital consists of 150,000,000 (2022: 150,000,000) shares of 100 fils (2022: 100 fils) each. All shares were paid in cash.

15 STATUTORY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year attributable to equity holders of the Parent Company before tax and board of directors' remuneration shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves.

Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

16 VOLUNTARY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year attributable to equity holders of the Parent Company before tax and board of directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

17 DIVIDEND DISTRIBUTION

	2023 *KD*	*2022* *KD*
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2022: 15 fils per share (2021: 30 fils per share)	**2,250,000**	4,500,000

The shareholders at AGM held on 9 May 2023 approved the proposed dividend for the year ended 31 December 2022, which have been paid on 31 May 2023.

Proposed dividends on ordinary shares:		
Proposed cash dividend for 2023: 20 fils per share (2022: 15 fils per share)	**3,000,000**	2,250,000

The Board of Directors in their meeting held on 28 February 2024, proposed a cash dividend of 20% (2022: 15%) of the paid-up share capital, amounting to KD 3,000,000 (2022: KD 2,250,000) for the year ended 31 December 2023. Proposed dividends on ordinary shares are subject to approval at the annual general assembly meeting and are not recognised as a liability as at 31 December.

18 FIDUCIARY ASSETS

In the normal course of business, the Parent Company carries out investment management and custody services on behalf of others. As at 31 December 2023, the value of fiduciary assets amounted to KD 2,598,640,024 (2022: KD 2,714,824,618) of which KD 2,374,416,072 (2022: KD 2,523,199,316) relates to the Ultimate Parent Company (Note 19). Fiduciary assets are excluded from the consolidated statement of financial position of the Group.

Income earned from fiduciary assets amounted to KD 11,002,937 for the year ended 31 December 2023 (2022: KD 12,250,091).

19 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Transactions with related parties are as follows:

	Ultimate Parent Company *KD*	*Other related parties* *KD*	*2023* *KD*	*2022* *KD*
Consolidated statement of profit or loss:				
Management fees income	**9,460,162**	**292,921**	**9,753,083**	10,546,339
Dividend income	-	**255,719**	**255,719**	227,635
Other administrative expense	-	**2,524**	**2,524**	-
Interest expense on lease liabilities	-	**15,850**	**15,850**	19,219
Amortisation of-right-of use asset	-	**212,260**	**212,260**	157,737
Consolidated statement of financial position				
Accounts receivable and other assets	**2,303,017**	**117,901**	**2,420,918**	2,848,591
Right-of-use assets	-	**246,766**	**246,766**	391,006
Financial assets at FVTPL	-	**26,684,927**	**26,684,927**	26,237,137
Financial assets at FVOCI	-	**2,785,902**	**2,785,902**	3,388,183
Lease labilities	-	**258,303**	**258,303**	408,014
Off – balance sheet items				
Fiduciary assets managed on behalf of related parties	**2,374,416,072**	**88,979,314**	**2,463,395,386**	2,577,784,213

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2023, the Group has not recognised any allowance for expected credit losses relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

19 RELATED PARTY DISCLOSURES (continued)

Transactions with key management personnel
Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows.

	2023 ***KD***	*2022* *KD*
Salaries and other short-term benefits	**862,524**	685,765
Employees' end of service benefits	**78,278**	70,048
	940,802	755,813

The Board of Directors of the Parent Company proposed a directors' remuneration of KD 152,269 for the year ended 31 December 2023 (2022: KD 111,356). This proposal is subject to the approval of the shareholders at the AGM.

Directors' remuneration for prior year was approved by shareholders at AGM held on 9 May 2023.

20 COMMITMENTS AND CONTINGENCIES

Contingent liabilities
As at 31 December 2023, the Group had contingent liabilities in respect of bank guarantees provided in the ordinary course of business amounting to KD 200,000 (2022: KD 200,000).

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of accounts payables, lease liabilities which arise from the Group's operations in normal course of business. The main objective of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income, receivables, term deposits and cash and cash equivalents in normal course of business that derive directly from its operations. The Group also holds investments in equity instruments and bonds.

The Group is exposed to market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Parent Company's senior management oversees the management of these risks. The Parent Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

21.1 Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits, debt and equity investments.

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.1 Market risk (continued)

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the KD. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group currently does not use financial derivatives to manage its exposure to currency risk. The Group manages its foreign currency risk based on the limits determined by management and a continuous assessment of the Group's open positions, current and expected exchange rate movements. The Group ensures that its net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the KD.

The following tables set out the Group's exposure to significant foreign currency exchange rates on monetary financial assets and liabilities at the reporting date:

	Net exposure	
	2023	*2022*
Currency	***KD***	*KD*
US Dollar (USD)	**47,201,281**	43,579,186
EURO (EUR)	**5,081,768**	4,681,336
Emirati Dirham (AED)	**264,050**	266,262
Saudi Riyal (SAR)	**12,704,079**	9,114,716

Foreign exchange rate sensitivity

The following tables demonstrate the effect of a reasonably possible change in the aforementioned exchange rates, with all other variables held constant.

The impact on the Group's profit due to changes in the fair value of monetary assets and liabilities is as follows:

	% Change in exchange rate	***Effect on results***	
		2023	*2022*
Currency		***KD***	*KD*
USD	**+ 5%**	**2,360,064**	2,178,959
	- 5%	**(2,360,064)**	(2,178,959)
EUR	**+ 5%**	**254,088**	234,067
	- 5%	**(254,088)**	(234,067)
AED	**+ 5%**	**13,202**	13,313
	- 5%	**(13,202)**	(13,313)
SAR	**+ 5%**	**635,204**	455,736
	- 5%	**(635,204)**	(455,736)

There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

An equivalent decrease in each of the aforementioned currencies against the KD would have resulted in an equivalent but opposite impact.

b) Interest rate risk

The Group is exposed to interest risk on short term deposits and call accounts which mature or reprice in the short-term, no longer than twelve months. The effective average interest rates are disclosed in Notes 7, 8 and 12. As a result, the Group is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. The sensitivity of Group's profit in the consolidated statement of profit or loss as a result of changes in floating interest rates, on financial assets and financial liabilities held at 31 December 2023 and 2022 would not be material.

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.1 Market risk (continued)

c) Equity price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL) (Note 11). The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Parent Company's senior management on a regular basis. The Group's investment executive committee reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was KD 14,954,759 (2022: KD 16,901,555). Sensitivity analyses of these investments have been provided in Note 23.

The Group's listed equity investments are publicly traded and are included either in the Kuwait Stock Exchange ("Boursa Kuwait"), GCC markets or other markets.

The table below summarises the impact of increases/decreases of these price indexes on the Group's equity for the period. The analysis is based on the assumption that the equity indexes had increased or decreased by 5% and 5% respectively, with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

2023

Market indices	***% change in equity price***	***Effect on results KD***	***Effect on OCI KD***
Boursa Kuwait	+ 5%	**24,090**	**400,598**
	- 5%	**(24,090)**	**(400,598)**
GCC markets	+ 5%	-	**617,061**
	- 5%	-	**(617,061)**
Other markets	+ 5%	-	**872,187**
	- 5%	-	**(872,187)**

2022

Market indices	*% change in equity price*	*Effect on results KD*	*Effect on OCI KD*
Boursa Kuwait	+ 5%	16,830	277,085
	- 5%	(16,830)	(277,085)
GCC markets	+ 5%	-	428,493
	- 5%	-	(428,493)
Other markets	+ 5%	-	892,338
	- 5%	-	(892,338)

21.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, including cash at banks and other financial instruments. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2023 KD	*2022 KD*
Cash and cash equivalents	**3,873,161**	6,135,957
Term deposits	**14,939,352**	12,323,319
Accounts receivable and other assets	**3,285,351**	3,505,726
Debt investments at FVOCI	**5,188**	2,024,455
Debt investments at FVPL	**272,701**	-
Loan to a customer	**830**	-
Financial assets at amortised cost	**9,658,291**	7,194,178
Credit exposure on assets	**32,034,874**	31,183,635

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.2 Credit risk (continued)

Cash and cash equivalents and term deposits
Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Group.

The Group considers that its cash and cash equivalents and term deposits have low credit risk based on the external credit ratings of the counterparties.

Accounts receivable and other assets
The Group uses a provision matrix based on the Group's historical observed default rates to measure the ECLs of account receivables from individual customers, which comprise a very large number of small balances. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Generally, accounts receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

As a result, the impact of application of the expected credit risk model at reporting date was immaterial.

Debt investments and financial assets at amortised cost
Debt instruments at FVOCI and amortised cost are subject to the impairment requirements of IFRS 9. Management has computed the expected credit losses (ECL) based on the three-stage approach to measure the ECL. The measurement of ECL 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. Accordingly, management has recorded charge of ECL amounting to KD 66,387 (2022: KD 19,715) for the year then ended.

21.3 Concentration of financial assets

The distribution of financial assets by geographic region for 2023 and 2022 is as follows:

2023	***State of Kuwait KD***	***International KD***	***GCC KD***	***Total KD***
Cash and cash equivalents	**2,345,603**	**1,005,494**	**522,064**	**3,873,161**
Term deposits	**13,193,963**	**1,745,389**	**-**	**14,939,352**
Accounts receivable and other assets	**2,880,014**	**403,987**	**1,350**	**3,285,351**
Debt investments at FVOCI	**-**	**-**	**5,188**	**5,188**
Debt investments at FVPL	**272,701**	**-**	**-**	**272,701**
Loan to a customer	**830**	**-**	**-**	**830**
Financial assets at amortised cost	**9,658,291**	**-**	**-**	**9,658,291**
Credit exposure on assets	**28,351,402**	**3,154,870**	**528,602**	**32,034,874**

2022	*State of Kuwait KD*	*International KD*	*GCC KD*	*Total KD*
Cash and cash equivalents	3,805,893	1,496,960	833,104	6,135,957
Term Deposits	8,441,334	-	3,881,985	12,323,319
Accounts receivable and other assets	3,134,103	370,275	1,348	3,505,726
Debt investments at FVOCI	-	-	2,024,455	2,024,455
Financial assets at amortised cost	7,194,178	-	-	7,194,178
Credit exposure on assets	22,575,508	1,867,235	6,740,892	31,183,635

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.4 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on an ongoing basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow.

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities as at 31 December:

	Within 3 months KD	***3 months to 1 year KD***	***More than 1 year KD***	***Total KD***
2023				
Account payables and other accruals	**1,726,099**	**1,447,369**	**-**	**3,173,468**
Lease liabilities	**68,855**	**77,502**	**140,561**	**286,918**
	1,794,954	**1,524,871**	**140,561**	**3,460,386**
2022				
Account payables and other accruals	2,208,765	440,408	-	2,649,173
Lease liabilities	47,280	141,840	247,472	436,592
	2,256,045	582,248	247,472	3,085,765

22 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

	2023		
	Within 12 months	***After 12 months***	***Total***
	KD	***KD***	***KD***
ASSETS			
Cash and cash equivalents	**3,873,161**	**-**	**3,873,161**
Term deposits	**14,939,352**	**-**	**14,939,352**
Account receivables and other assets	**3,411,074**	**-**	**3,411,074**
Investment in an associate	**-**	**1,353,781**	**1,353,781**
Financial assets at fair value through profit or loss	**42,549,399**	**-**	**42,549,399**
Financial assets at fair value through other comprehensive income	**-**	**48,763,820**	**48,763,820**
Loan to a customer	**830**	**-**	**830**
Financial assets at amortised cost	**9,658,291**	**-**	**9,658,291**
Right-of-use assets	**125,993**	**120,773**	**246,766**
Property and equipment	**-**	**193,071**	**193,071**
Software	**-**	**190,932**	**190,932**
Total assets	**74,558,100**	**50,622,377**	**125,180,477**
LIABILITIES			
Account payables and other liabilities	**3,173,468**	**-**	**3,173,468**
Lease liabilities	**138,320**	**119,983**	**258,303**
Employees' end of service benefits	**-**	**2,782,205**	**2,782,205**
Total liabilities	**3,311,788**	**2,902,188**	**6,213,976**
Net	**71,246,312**	**47,720,189**	**118,966,501**

	2022		
	Within 12 months	*After 12 months*	*Total*
	KD	*KD*	*KD*
ASSETS			
Cash and cash equivalents	6,135,957	-	6,135,957
Term deposits	12,323,319	-	12,323,319
Account receivables and other assets	4,284,085	-	4,284,085
Investment in an associate	-	644,558	644,558
Financial assets at fair value through profit or loss	36,096,618	-	36,096,618
Financial assets at fair value through other comprehensive income	-	46,406,056	46,406,056
Financial assets at amortised cost	-	7,194,178	7,194,178
Right-of-use assets	-	391,006	391,006
Property and equipment	-	216,679	216,679
Software		252,403	252,403
Total assets	58,839,979	55,104,880	113,944,859
LIABILITIES			
Account payables and other liabilities	2,649,173	-	2,649,173
Lease liabilities	174,315	233,699	408,014
Employees' end of service benefits	-	2,418,828	2,418,828
Total liabilities	2,823,488	2,652,527	5,476,015
Net	56,016,491	52,452,353	108,468,844

23 FAIR VALUE MEASURMENT

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

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

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

23.1 Financial instruments

The following tables provide the fair value measurement hierarchy of the Group's financial assets:

	Fair value measurement using			
2023	***Quoted prices in active markets Level 1 KD***	***Significant observable inputs Level 2 KD***	***Significant unobservable inputs Level 3 KD***	***Total KD***
Assets measured at fair value:				
Financial assets at FVPL				
- Quoted shares	**481,804**	-	-	**481,804**
- Unquoted funds	-	**37,801,852**	-	**37,801,852**
- Unquoted shares	-	-	**3,993,042**	**3,993,042**
- Unquoted debt securities	-	-	**272,701**	**272,701**
Financial assets at FVOCI				
- Quoted equity securities	**37,796,915**	-	-	**37,796,915**
- Quoted debt securities	**5,188**	-	-	**5,188**
- Unquoted equity securities	-	-	**10,961,717**	**10,961,717**
	38,283,907	**37,801,852**	**15,227,460**	**91,313,219**

	Fair value measurement using			
2022	*Quoted prices in active markets Level 1 KD*	*Significant observable inputs Level 2 KD*	*Significant unobservable inputs Level 3 KD*	*Total KD*
Assets measured at fair value:				
Financial assets at FVPL				
- Quoted shares	336,607	-	-	336,607
- Unquoted funds	-	31,281,732	-	31,281,732
- Unquoted shares	-	-	4,478,279	4,478,279
Financial assets at FVOCI				
- Quoted equity securities	31,958,325	-	-	31,958,325
- Quoted debt securities	2,024,455	-	-	2,024,455
- Unquoted equity securities	-	-	12,423,276	12,423,276
	34,319,387	31,281,732	16,901,555	82,502,674

There were no transfers between any levels of the fair value hierarchy during 2023 or 2022.

23 FAIR VALUE MEASURMENT (continued)

Management assessed that the fair value of the following financial assets and liabilities approximate their carrying amounts:

- Cash and cash equivalents
- Accounts receivables and other assets
- Other financial assets at amortised cost
- Accounts payable and other accruals

Valuation methods and assumptions
The following methods and assumptions were used to estimate the fair values:

Listed investment in equity and debt securities
Fair values of publicly traded equity and debt securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Unlisted equity investments
The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses a market-based valuation technique for the majority of these positions. The Group determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Group classifies the fair value of these investments as Level 3.

Unlisted mutual funds
The Group invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods. The management considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the net asset value (NAV) of these investee funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the investee fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the investee fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the investee fund, the Group classifies these funds as Level 2.

Reconciliation of Level 3 fair values
The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	2023	*2022*
	KD	*KD*
Unquoted equity shares at FVTPL		
At the beginning of the year	**4,478,279**	2,653,368
Net purchases	**-**	1,519,500
Change in fair value	**(485,237)**	305,411
At the end of the year	**3,993,042**	4,478,279
Unquoted equity shares at FVOCI		
At the beginning of the year	**12,423,276**	10,813,342
Net (sale) purchases	**(650,760)**	2,225,468
Change in fair value	**(810,799)**	(615,534)
At the end of the year	**10,961,717**	12,423,276

23 FAIR VALUE MEASURMENT (continued)

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December are as shown below:

	Valuation technique	*Significant unobservable inputs*	*Range*	*Sensitivity of the input to fair value*
Unquoted equity shares	Market approach	Discount for lack of marketability (DLOM)	10% - 75%	Increase (decrease) in DLOM would decrease (increase) the fair value.
Unquoted equity shares (foreign)	Market approach	Gross Merchandise Value ("GMV") multiple	1x	Increase (decrease) in GMV multiple would increase (decrease) the fair value.
Unquoted equity shares (foreign)	Market approach	EV/ Revenue multiple	2.1x	Increase (decrease) in EV/ Revenue multiple would increase (decrease) the fair value.

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

24 CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may review the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. Capital comprises share capital and all other equity reserves (excluding statutory reserve) and is measured at KD 103,438,202 as at 31 December 2023 (2022: KD 93,640,848).

In addition to the above, the adequacy of the Group's capital is monitored using, the rules and ratios established by the Capital Markets Authority in supervising the Company.

As of the reporting date, the Group is in compliance with minimum required regulatory capital adequacy ratio for the year ended 31 December 2023 and 31 December 2022 in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

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