Reef Holding Co. B.S.C. (c)

Consolidated financial statements
for the year ended 31 December 2023

Index

Commercial registration no.	58073 obtained on 10 September 2005	
Board of Directors	Mr Naser Al Gharibah Mr Saud Kanoo Mr Faisal Al Matrook Mr Yaser Al Jar Mr Waleed Al Khaja Mr Abdulhamid Mehriz* Mr Ali Al Baghli**	- Chairman - Vice-Chairman
Chief Executive Officer	Mr Hasan Dhaif	
Executive Committee	Mr Saud Kanoo Mr Faisal Al Matrook Mr Naser Al Gharibah Mr Abdulhamid Mehriz*	- Chairman
Nomination and Remuneration Committee	Mr Naser Al Gharibah Mr Saud Kanoo Mr Faisal Al Matrook Mr Ali Al Baghli**	- Chairman
Audit and Corporate Governance Committee	Mr Waleed Al Khaja Mr Yaser Al Jar Mr Naser Al Gharibah Mr Abdulhamid Mehriz*	- Chairman
Sharia'a Supervisory Advisor	Shaikh Dr. Osama Bahar	
Registered office	Kanoo Tower Flat 114, Building 155 Road 1703, Block 317 PO Box 18599 Diplomatic Area, Manama Kingdom of Bahrain	
Bankers	Ithmaar Bank Kuwait Finance House Al Salam Bank Bahrain Islamic Bank Al Baraka Islamic Bank Ahli United Bank	
Auditors	BDO 17th Floor Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain	

* Resigned on 29 March 2023.

** Mr Ali Al Baghli (Ex-Chairman) has passed away in the month of February 2023. The Board has appointed Mr Naser Al Gharibah, new Chairman of the Board.

Dear Shareholders,

On behalf of the Board of Directors of Reef Holding Company BSC (c), I am pleased to present to you the annual report for the fiscal year ended 31 December 2023.

Company Performance:

It is my pleasure to announce that Reef continues its journey and reported a boosted bottom line of BD 272 thousand for the year 2023. The credit goes to successful investment in one of our joint project in Dubai where the project was completed and started the operations. Reef also manged to sale some properties held for investment purposes.

Operating Results:

For the year 2023, the Company reported total income of BHD 477 thousand representing an increase of 9.25% over last year due to revaluation of our investment in Dubai which contributed BD 201 thousand to revenue. Also, Reef gained BD 99 thousand from selling five investment properties in Bahrain and Riyadh.

Nevertheless, due to the exit delay from one of the investments in London managed by KAMCO, the Company end up with no choice other than taking an unrealized fair value loss of full investment amount of nearly BD 1.5 million recorded in the Investment Fair Valuation Reserve in the equity section of the balance sheet.

Overall, Reef achieved a net profit for the year amounting to BD 272 thousand as a result of the increase in total revenue from BD 436 thousand in 2022 to BD 477 thousand in 2023. On the same hand, total expenses of BD 204 thousand decreased by 32% mainly due to the appreciation in conversion rate of revaluating our investment based in the UK.

Financial Position

The balance sheet continues to be solid despite the decline of 20% driven by the BD 1.5 million investment provision as stated above and the sale of some investment properties. This has pushed down total investment and total assets by 19%.

Proposed Appropriations

Based on the financial results, the Board of Directors have recommended for the approval of the Shareholders at the upcoming Annual General Meeting:

1. Transfer of 10% of the net profit to the legal reserve of BD 27,279,
2. Dividends distribution NIL,
3. Allocating an amount of 24,550 Bahraini Dinars as a reward for the members of the Board of Directors,
4. Allocating an amount of 5,000 Bahraini Dinars for charity,

Board of Directors and Management Remunerations

The table below shows the remuneration of the members of the Board of Directors and the Executive Management for the fiscal year ended 31st December 2023.

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors:													
1- Naser Al Garibah	4,910	2,400	-	-	7,310	-	-	-	-	-	-	-	-
2- Waleed Al Khaja	4,910	1,200	-	-	6,110	-	-	-	-	-	-	-	-
3- Abdulhamid Mehriz (3)	-	400	-	-	400	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:													
1- Saud Kanoo	4,910	1,500	-	-	6,410	-	-	-	-	-	-	-	-
2- Faisal Al Matrook	4,910	2,850	-	-	7,760	-	-	-	-	-	-	-	-
3- Yaser Al Jar	4,910	800	-	-	5,710	-	-	-	-	-	-	-	-
Third: Executive Directors:													
1-	-	-	-	-	-	-	-	-	-	-	-	-	-
2-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**24,550**	**9,150**	**-**	**-**	**33,700**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note (1): All amounts must be stated in Bahraini Dinars.
Note (2): Proposed Board remuneration for the year 2023 amounting to BD24,550 is subject to the MOIC approval and AGM.
Note (3): Resigned on 29 March 2023.

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Top 6 remunerations for executives	77, 400	-	-	77,400

Naser Al Gharibah
Chairman

Reef Holding Co. B.S.C. (c)

Saud Kanoo
Vice Chairman

Acknowledgements

On behalf of myself and the Board of Directors and the Shareholders, I would like to express our greatest and most sincere appreciation to His Majesty King Hamad bin Isa Al Khalifa, The King of the Kingdom of Bahrain, and His Royal Highness Prince Salman bin Hamad Al Khalifa, The Crown Prince, Deputy Supreme Commander and Prime Minister for their tremendous leadership, wisdom, and support.

We also would like to extend our thanks to our respected Shareholder for their wise guidance, cooperation, and continuous support.

Naser Al Gharibah
Chairman

Saud Kanoo
Vice Chairman

Reef Holding Co. B.S.C. (c)

Sharia'a Supervisory Advisory Report

Reef Holding Co. BSC (c)

For the period from 1st January 2023 to 31st December 2023

Praise be to Allah, prayer and peace upon our master Muhammad the Imam of the Prophets and Messengers and his family and companions and allies.

It has been submitted to the Company's Sharia'a Supervisory Advisor the investment operations as well as the activities done by the Company. The Sharia'a Supervisory Advisor as well reviewed the audited financial statements for the period from 1st January 2023 to 31st December 2023.

The review was commissioned to issue an opinion on whether the Company had followed the principles and provisions of the Islamic Sharia'a and fatwas issued by the Sharia'a Advisor of the Company. Where the responsibility lies with the Company to ensure that its operations are in compliance with the issued Sharia'a legitimate, our responsibility is limited to express an independent opinion on the Company's operations done during the current year, and therefore decides the following:

1. The Company's contracts, transactions and operations for the year ended 31st December 2023 are in compliance with the provisions and principles of Islamic Sharia'a.
2. The calculation of the Company's profits and the losses charged to its investment operations are in compliance with the provisions and principles of the Islamic Sharia'a.
3. The realized earnings from sources that are not compatible with the principles and provisions of Shari'a will be donated for charitable purposes.
4. The Zakah has been calculated in accordance with the Sharia'a requirements.

And Allaah is the Source of Successes.

Shaikh Dr. Osama Mohammed Bahar
Sharia'a Supervisory Advisory

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Independent auditor's report to the shareholders of Reef Holding Co. B.S.C. (c)

Report on the audit of the consolidated financial statements

Opinion
We have audited the accompanying consolidated financial statements of Reef Holding Company B.S.C. (c) ("the Company") and its subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statements of income, consolidated statement of changes in owners' equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and the consolidated results of the operations, changes in owners' equity, its cash flows for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

In our opinion, the Company has also complied with the Islamic Shari'a Principles and Rules as determined by the Shari'a Supervisory Board of the Company during the year ended 31 December 2023.

Basis for opinion
We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI. 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 AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Group's consolidated financial statements
Other information consists of the information included in the Board of Directors' report and the Shari'a Supervisory Board's report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information.

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

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

Responsibilities of the Board of Directors for the consolidated financial statements
These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Shari'a Rules and Principles are the responsibility of the Group's Board of Directors.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with AAOIFI and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Independent auditor's report to the shareholders of Reef Holding Co. B.S.C. (c)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with AAOIFI 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 AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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Report on the audit of the consolidated financial statements (continued)

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

Report on other legal and regulatory requirements

A) As required by the Bahrain Commercial Companies Law with respect to the Company, we report that:

(1) we have obtained all the information we considered necessary for the purpose of our audit;
(2) the Company has maintained proper books of account and the financial statements are in agreement therewith; and
(3) the financial information disclosed in Chairman's report is consistent with the books of accounts of the Company.

(B) As required by the Ministry of Industry and Commerce in its letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that:

(1) the Company has appointed a corporate governance officer; and
(2) the Company has Board approved written guidance and procedures for corporate governance.

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law or its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2023.

BDO

Manama, Kingdom of Bahrain
1 April 2024

سامسون كاتوفاتل
رقم القيد ٢٣٩
BDO
Public Accountants
Reg. No. 239
Samson Kattuvattil

See Auditor's Report dated 1/4/24
Signed by BDO, CR No. 10201-04
Partner: Samson Kattuvattil
Reg. No. 239
Signature:

Reef Holding Co. B.S.C. (c)
Consolidated statement of financial position as at 31 December 2023
(Expressed in Bahraini Dinars)

	Notes	31 December 2023	31 December 2022
ASSETS			
Cash and bank balances	4	654,495	439,034
Investment securities	5	8,495,051	10,242,048
Investment in real estate	6	1,029,135	1,512,971
Receivables and prepayments	7	112,077	531,228
Right-of-use assets	8	13,073	-
Total assets		10,303,831	12,725,281
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Amount due to shareholders	15	3,000,000	-
Ijarah liability	9	13,529	-
Other liabilities	10	83,436	91,250
		3,096,965	91,250
Owners' Equity			
Share capital	11	5,500,000	9,360,910
Statutory reserve	12(i)	1,661,389	1,634,110
Properties fair value reserve	12(ii)	(7,052)	95,295
Foreign currency translation reserve	12(iii)	(883,371)	(1,183,843)
Investment fair value reserve	5	(2,041,778)	(4,611)
Retained earnings		2,977,678	2,732,170
		7,206,866	12,634,031
Total liabilities and Owners' equity		10,303,831	12,725,281

The audited consolidated financial statements were approved, authorised for issue by the Board of Directors and signed on their behalf by:

Naser Al Gharibah
Chairman

Saud A.Aziz Kanoo
Vice Chairman

See Auditor's Report dated 2/4/24
Signed by BDO, CR No. 10201-04
Partner: Samson Kattuvattil
Reg. No. 239
Signature:

Reef Holding Co. B.S.C. (c)
Consolidated statement of income for the year ended 31 December 2023
(Expressed in Bahraini Dinars)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Income			
Profit from Mudaraba investments		27,018	2,319
Net rental income from investment in real estate	6	53,618	73,534
Profit from investment securities	13	154,323	128,826
Net gain on sale of investment in real estate		99,564	44,644
Unrealised fair value gain on fair valuation of investment securities	5	136,978	161,211
Net foreign exchange gain		5,038	-
Other income		-	25,655
		476,539	436,189
Expenses			
Staff costs		114,234	123,565
General and administrative expenses		79,977	103,054
Depreciation on investment in real estate	6	9,541	3,541
Net foreign exchange loss		-	67,246
		203,752	297,406
Net profit for the year		272,787	138,783
Basic and diluted earnings per share	14	Fils4.95	Fils1.5

The audited consolidated financial statements were approved, authorised for issue by the Board of Directors and signed on their behalf by:

Naser Al Gharibah
Chairman

Saud A.Aziz Kanoo
Vice Chairman

Reef Holding Co. B.S.C. (c)
Consolidated statement of changes in Owners' equity for the year ended 31 December 2023
(Expressed in Bahraini Dinars)

	Notes	Share capital	Statutory reserve	Properties fair value reserve	Foreign currency translation reserve	Investment fair value reserve	Retained earnings	Total
At 31 December 2021		10,401,011	1,620,232	232,173	(481,983)	(74,275)	2,607,265	14,304,423
Reduction of share capital	11	(1,040,101)	-	-	-	-	-	(1,040,101)
Net movement in properties fair value reserve on the fair valuation of investment in real estate	6	-	-	(70,200)	-	-	-	(70,200)
Net movement in properties fair value reserve on disposal of investment in real estate		-	-	(66,678)	-	-	-	(66,678)
Net unrealised fair value gain on revaluation of investment in securities	5	-	-	-	-	69,664	-	69,664
Foreign currency translation loss on investment securities	5	-	-	-	(701,860)	-	-	(701,860)
Net profit for the year		-	-	-	-	-	138,783	138,783
Transferred to statutory reserve	12(i)	-	13,878	-	-	-	(13,878)	-
At 31 December 2022		9,360,910	1,634,110	95,295	(1,183,843)	(4,611)	2,732,170	12,634,031
Reduction of share capital	11	(3,860,910)	-	-	-	-	-	(3,860,910)
Net movement in properties fair value reserve on the fair valuation of investment in real estate	6	-	-	(10,000)	-	-	-	(10,000)
Net movement in properties fair value reserve on disposal of investment in real estate		-	-	(92,347)	-	-	-	(92,347)
Net unrealised fair value gain on revaluation of investment in securities	5	-	-	-	-	(2,037,167)	-	(2,037,167)
Foreign currency translation loss on investment securities	5	-	-	-	300,472	-	-	300,472
Net profit for the year		-	-	-	-	-	272,787	272,787
Transferred to statutory reserve	12(i)	-	27,279	-	-	-	(27,279)	-
At 31 December 2023		5,500,000	1,661,389	(7,052)	(883,371)	(2,041,778)	2,977,678	7,206,866

Reef Holding Co. B.S.C. (c)
Consolidated statement of cash flows for the year ended 31 December 2023
(Expressed in Bahraini Dinars)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Operating activities			
Net profit for the year		272,787	138,783
Adjustments for:			
Depreciation on investment in real estate	6	9,541	3,541
Amortisation of right-of-use asset	8	13,074	13,001
Deferred Ijara cost		1,349	435
Gain on sale of investment in real estate		(99,564)	(44,644)
Unrealised fair value gain on fair valuation of investment in securities	5	(136,978)	(161,211)
Foreign exchange loss on translation of investment in securities	5	300,472	701,860
Changes in operating assets and liabilities:			
Receivables and prepayments		419,151	968,397
Other liabilities		(7,814)	7,633
Net cash provided by operating activities		772,018	1,627,795
Investing activities			
Net movement in the foreign currency translation reserve		(300,472)	(701,860)
Addition in investment in real estate	6	(338,188)	(476)
Proceeds from redemption of investment in securities		147,280	-
Proceeds from sale of investment in real estate		809,700	278,053
Net cash provided by/(used in) by investing activities		318,320	(424,283)
Financing activities			
Amount paid to shareholders on reduction of share capital		(860,910)	(1,040,101)
Principal and deferred ijarah cost paid on Ijarah liability	9	(13,967)	(13,889)
Repayment of Murabaha financing		-	(507,178)
Net cash used in financing activities		(874,877)	(1,561,168)
Net increase/(decrease) in cash and cash equivalents		215,461	(357,656)
Cash and cash equivalents, beginning of the year		439,034	796,690
Cash and cash equivalents, end of the year	4	654,495	439,034

Non-cash transactions:

The amount payable to shareholders on account of reduction in share capital amounting to BD3,000,000 have been eliminated from the statement of cash flows for the year 31 December 2023 being a non-cash transaction.

1 Organisation and principal activities

Reef Holding Co. B.S.C. (c) ("the Company") and its subsidiary (collectively referred as "the Group"). The Company is a closed Bahraini shareholding company and operating under license number 58073 granted by the Ministry of Industry and Commerce obtained on 3 May 2005. The Company commenced commercial operations on 10 September 2005.

The principal activities of the Company is a holding company.

These consolidated financial statements, set out on pages 10 to 37, were approved and authorised for issue by the Board of Directors on 1 April 2024.

The registered office of the Company is in the Kingdom of Bahrain.

The structure of the Group is as follows:

Subsidiaries

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2023	Effective ownership interest 2022
Reef Investment UK B.S.C. (c)	Kingdom of Bahrain	- Real estate activities with own or leased property - Trusts, Funds and Similar Financial Entities - Special Purpose Vehicle (SPV) - Selling and buying of securities	99.9%	99.9%

2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, modified by the valuation of investment in real estate and investment in securities which are measured at their fair values. The consolidated financial statements of Group have been prepared on a going concern basis as at 31 December 2023.

Standards, amendments and interpretations effective and adopted in 2023

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2023 and has been adopted in the preparation of these financial statements:

Standard or interpretation	Title	Effective for annual periods beginning on or after
FAS 39	Financial Reporting for Zakah	1 January 2023

AAOIFI has issued FAS 39 Financial Reporting for Zakah in 2021. The objective of this standard is to establish principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial Institution. This standard supersedes FAS 9 Zakah and is effective for the financial reporting periods beginning on or after 1 January 2023.

This standard shall apply to institution with regard to the recognition, presentation and disclosure of Zakah attributable to relevant stakeholders. While computation of Zakah shall be applicable individually to each institution within the Company, this standard shall be applicable on all consolidated and separate / standalone financial statements of an institution.

This standard does not prescribe the method for determining the Zakah base and measuring Zakah due for a period. An institution shall refer to relevant authoritative guidance for determination of Zakah base and to measure Zakah due for the period (for example: AAOIFI Shari'a standard 35 Zakah, regulatory requirements or guidance from Shari'a supervisory board, as applicable).

An institution obliged to pay Zakah by law or by virtue of its constitution documents shall recognise current Zakah due for the period as an expense in its financial statements. Where Zakah is not required to be paid by law or by virtue of its constitution documents, and where the institution is considered as an agent to pay Zakah on behalf of certain stakeholders, any amount paid in respect of Zakah shall be adjusted with the equity of the relevant stakeholders.

The Company has adopted this standard and will provide the necessary additional disclosures in its annual financial statements.

2 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2023

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2023. They have not been adopted in preparing the consolidated financial statements for the year ended 31 December 2023 and will or may have an effect on the entity's future consolidated financial statements. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

Standard or interpretation	Title	Effective for annual periods beginning on or after
FAS 44	Determining control of assets and business	1 January 2024
FAS 1	General presentation and disclosures in the financial statements	1 January 2024
FAS 40	Financial reporting for Islamic finance windows	1 January 2024
FAS 42	Presentation and disclosures in the financial statements of takaful institutions	1 January 2025
FAS 43	Accounting for takaful: recognition and measurement	1 January 2025
FAS 45	Quasi-Equity (Including Investment Accounts)	1 January 2026
FAS 46	Off-Balance-Sheet assets under management	1 January 2026
FAS 47	Transfer of assets between investment pools	1 January 2026

Early adoption of amendments or standards in 2023

The Company did not early-adopt any new or amended standards in 2023. There would have been no change in the operational results of the Company for the year ended 31 December 2023 had the Company early adopted any of the above standards applicable to the Company.

2 Basis of preparation (continued)

(a) Statement of compliance

The consolidated financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ('AAOIFI'), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Advisor of the Group, the Bahrain Commercial Companies Law, rules and procedures of the Company's memorandum and articles of association in accordance with the requirements of AAOIFI. For matters for which no AAOIFI standard exists, the Group uses the relevant International Financial Reporting Standards ('the IFRS') issued by International Accounting Standards Board.

(b) Shari'a rules and principles

The Group has appointed a Shari'a Supervisory Advisor in accordance with the terms of its Articles of Association. The Shari'a Supervisory Advisor reviews the Group's compliance with general Shari'a principles and issued fatwas, rulings and guidelines on specific matters. The review includes examination of evidence relating to the documentation and procedures adopted by the Group to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

The Group is committed to avoid recognising any income generated from non-Islamic sources. Any earnings prohibited by Shari'a are set aside for charitable purposes or otherwise dealt with in accordance with the directions of the Shari'a Supervisory Advisor.

(c) Functional and presentation currency

The consolidated financial statements have been presented in Bahraini Dinars ("BD"), being the functional currency of the Group's operations.

(d) Basis of consolidation

The consolidated financial statements incorporate financial statements of the Company and its subsidiary from the date that control effectively commenced until the date that control effectively ceased. Control is achieved when the Company has the power to govern the financial and operational policies of an entity to obtain benefits from its activities. All intergroup balances, transactions and unrealised profits and losses are eliminated in full on consolidation.

(e) Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment

The Group assesses at each consolidated statement of financial position date whether there is objective evidence that a specific asset or a group of assets may be impaired. An asset or a group of assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event(s) have an impact on the estimated future cash flows of the asset or the group of the assets that can be reliably estimated.

2 Basis of preparation (continued)

(e) Critical accounting estimates and judgements (continued)

Fair valuation of investments

The determination of fair values of unquoted investments requires management to make estimates and assumptions that may affect the reported amount of assets at the date of the consolidated financial statements. The valuation of such investments is based on the fair value as explained in policy note. Nonetheless, the actual amount that is realised in a future transaction may differ from the current estimate of fair value and may still be outside management estimates, given the inherent uncertainty surrounding valuation of unquoted investments.

Valuation of investment in real estate

The Group obtains valuations performed by external independent property valuers in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs and the appropriate discount rate. The independent property valuers also refer to market evidence of transaction prices for similar properties.

Classification of investments

In the process of applying the Group's accounting policies, management decides upon acquisition of an investment, whether it should be classified as investments carried at fair value through income statement, held at amortised cost or investments carried at fair value through equity. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

Going concern

The management of the Group reviews the financial position on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the shareholders of the Group ensure that they provide adequate financial support to fund the requirements of the Group to ensure the going concern status of the Group.

Legal proceedings

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its consolidated financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

2 Basis of preparation (continued)

(e) Critical accounting estimates and judgements (continued)

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Impairment on investment securities

The Group determines that investment securities are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment and is assessed for each investment separately.

Where fair values are not readily available and the investments are carried at cost, the recoverable amount of such investment is estimated to test for impairment. In making a judgment of impairment, the Group evaluates among other factors, evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. It is reasonably possible, based on existing knowledge, that the current assessment of impairment could require a material adjustment to the carrying amount of the investments within the next financial year due to significant changes in the assumptions underlying such assessments.

Impairment of short-term investments

FAS 30 introduces the credit losses approach with a forward-looking 'Expected Credit Loss' ("ECL") model. The new impairment model will apply to financial assets which are subject to credit risk. A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

i. Determining criteria for Significant Increase in Credit Risk (SICR);
ii. Choosing appropriate models and assumptions for measurement of ECL;
iii. Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
iv. Establishing benchmark of similar financial assets for the purposes of measuring ECL.

3 Significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances and short-term deposits with original maturities of less than 90 days.

Investment in securities

Investment in securities comprises of both equity-type investments and debt-type investments.

(i) Classification

The Group segregates its investment securities into debt-type instruments and equity-type instruments. Debt-type instruments are investments that have terms that provide fixed or determinable payments of profits and capital. Equity-type instruments are investments that do not exhibit features of debt-type instruments and include instruments that evidence a residual interest in the assets of an entity after deducting all its liabilities.

Equity-type investments: Investments in equity type instruments are classified in the following categories 1) at fair value through income statement ('FVTIS'), or 2) at fair value through equity ('FVTE'), consistent with its investment strategy.

Equity-type investments classified and measured at FVTIS include investments designated at FVTIS and are managed and evaluated internally for performance on a fair value basis. This category currently includes an investment in private equity.

On initial recognition, the Group makes an irrevocable election to designate certain equity instruments that are not designated at FVTIS to be classified as investments at FVTE. These include investments in certain unquoted equity securities and private equity.

Debt-type Instruments: Investments in debt-type instruments are classified at fair value through consolidated income statement ('FVTIS').

Debt-type investments classified and measured at FVTIS include investments designated at FVTIS. The Debt-type instruments at FVTIS include investments in medium to long-term (quoted) sukuk.

(ii) Recognition and de-recognition

Investment securities are recognised at the date, when the Group contracts to purchase or sell the asset or instrument. Investment securities are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

3 Significant accounting policies (continued)

(iii) Measurement

All investments securities are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment. Subsequent to initial recognition, investments carried at FVTIS and FVTE are re-measured to fair value. Gains and losses arising from a change in the fair value of investments carried at FVTIS are recognised in the income statement in the period in which they arise. Gains and losses arising from a change in the fair value of investments carried at FVTE are recognised in the consolidated statement of changes in Owner's equity and presented in a separate fair value reserve within equity. When the investments carried at FVTE are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the statement of changes in equity is transferred to the consolidated income statement. Foreign exchange translation gains and losses arising out of (FVTE) are included in a reserve in the foreign currency translation reserve under Owners' equity.

Investments at FVTE where the entity is unable to determine a reliable measure of fair value on a continuing basis, such as investments that do not have a quoted market price or other appropriate methods from which to derive reliable fair values, are stated at cost less impairment allowances.

Murabaha financing

The Group finances these transactions through buying the commodity which represents the object of the Murabaha contract and then resells this commodity to the Murabaha (beneficiary) at a profit. The sale price (cost plus profit margin) is repaid in instalments by the Murabaha over the agreed period. The transactions are secured at times by the object of the Murabaha contract (in case of real estate finance) and other times by a total collateral package securing the facilities given to the Murabaha.

Murabaha financing is stated at cost less allowance for doubtful receivables.

Profit in respect of Group share in Murabaha financing shall be recognised on proportionate basis over the period of credit.

Investment in real estate

Properties held for rental, or for capital appreciation purposes, or both, are classified as investment in real estate. The Group's investments in real estate are classified as held-for-use in accordance with FAS 26 - *"Investment In Real Estate"*. Investments in real estate are initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investments in real estate are re-measured at fair value and changes in fair value (only gains) are recognised as property fair value reserve in the consolidated statement of changes in Owners' equity.

Losses arising from changes in the fair values of investment in real estate are firstly adjusted against the property fair value reserve to the extent of the available balance and then the remaining losses are recognised in the consolidated statement of income. If there are unrealised losses that have been recognised in the consolidated statement of income in the previous financial periods, the current period's unrealised gains shall be recognised in the consolidated statement of income to the extent of crediting back such previous losses in the consolidated statement of income. When the property is disposed-off the cumulative gains previously transferred to the property fair value reserve, is transferred to the consolidated statement of income.

3 Significant accounting policies (continued)

Receivables and prepayments

Receivables and prepayments are carried at their anticipated realisable values. An allowance is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated on the straight-line method to write-off the cost of property and equipment to their estimated residual values over their expected economic useful lives as follows:

Leasehold improvements	5 years
Furniture and fixtures	5 years
Office equipment	5 years
Computer hardware and software	2-3 years
Motor vehicles	3 years

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining net profit.

Repairs and renewals are charged to the consolidated statement of income when the expenditure is incurred.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amounts, the property and equipment are written down to their recoverable amounts.

Islamic financing

Islamic financing liabilities comprise Murabaha and Wakalah financing and are stated at amortised cost.

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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3 Significant accounting policies (continued)

Employee benefits (continued)

Post-employment benefits

Employee benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Group contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Group's contributions are charged to the consolidated statement of income in the year to which they relate. In respect of this plan, the Group has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

The expatriate employees of the Group are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Group accrues for its liability in this respect on an annual basis.

Impairment of assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of income;

(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar asset;

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective profit rate.

Derecognition of assets and liabilities

Assets

An asset (or, where applicable a part of an asset or part of a group of similar assets) is derecognised when:

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

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

Liabilities

A liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3 Significant accounting policies (continued)

Offsetting

Assets and liabilities are only offsetted and the net amount reported in the consolidated statement of financial position when there is a legal or religious enforceable right to offset the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Revenue recognition

a) Income from Mudaraba contracts

Income from Mudaraba contracts is recognised to the extent profits are declared by the Mudarib.

b) Profit on investment securities and other income

Profit on investment securities and other income is accounted for on an accrual basis.

c) Fees and commissions

Fees and commissions (including financing services) are recognised when earned.

Dividends

Dividends to owners are recognised as liabilities in the year in which they are declared.

Foreign exchange transactions

Foreign currency transactions are recorded at rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies at the consolidated statement of financial position date are retranslated at market rates of exchange prevailing at that date. Gains and losses arising on translation are recognised in the consolidated income statement. Non-monetary assets that are measured in terms of historical cost in foreign currencies are recorded at rates of exchange prevailing at the value dates of the transactions.

4 Cash and bank balances

	31 December 2023	31 December 2022
Current account balances with banks*	103,995	438,534
Mudaraba investments with maturity period of less than three months**	550,000	-
Cash on hand	500	500
Cash and cash equivalents	654,495	439,034

* The current account balances with banks are non-profit bearing.

** Mudaraba investments placed with financial institutions earn market rates of profit receivable on maturity.

5 Investment securities

	31 December 2023	31 December 2022
Opening balance	10,242,048	10,713,033
Disposals	(147,280)	-
Foreign exchange gains/(losses) on translation of investment securities through equity	300,472	(701,860)
Net unrealised fair value losses through equity	(2,037,167)	69,664
Net unrealised fair value gains through statement of income	136,978	161,211
	8,495,051	10,242,048

	31 December 2023	31 December 2022
Investment in equity-type instruments - Unquoted *Private equity*	6,995,051	8,677,548
Investment in debt-type instruments- Quoted	1,500,000	1,564,500
	8,495,051	10,242,048

5 Investment securities (continued)

Investment - securities-wise analysis:

		31 December 2023	31 December 2022
Equity type instruments carried at fair value through consolidated statement of income			
Jenina Real Estate Development Co. Ltd	(a)	2,721,155	2,519,676
Equity type instruments carried at fair value through equity			
APL PH1 Limited	(b)	899,974	1,128,333
APL 2B Limited	(c)	2,713,416	2,644,210
Global Greenridge Bracknell Limited (3M)	(d)	-	1,365,002
Global Greenridge Finco Limited (Manchester) (Stockport & Bury)	(e)	660,506	1,020,327
		6,995,051	8,677,548
Debt-type instruments carried at fair value through consolidated statement of income			
Government or CBB sukuk	(f)	1,500,000	1,564,500
		8,495,051	10,242,048

(a) During the year 2014, the Group invested BD1,508,053 in Sky palaces project, Business Bay Dubai through an SPV "Jenina Real Estate Development Co. Ltd". The Group has fair valued the investment during the year and recorded unrealised fair value gain amounting to BD201,479.

(b) During the year 2015, the Group invested GBP3,714,286 in acquiring the shares in APL PH1 Limited. The objective of the Company is to develop a property in the United Kingdom. The Group has fair valued the investment during the year and recorded unrealised fair value loss amounting to BD129,446 and foreign exchange gain amounting to BD48,366. During the year, the Group received the share redemption by the APL PH1 Limited amounting to BD147,280 (GBP 324,309).

(c) During the year 2016, the Group invested GBP6,095,237 in acquiring the shares in APL 2B Limited. The objective of the Company is to develop a property in United Kingdom. The Group has fair valued the investment during the year and recorded unrealised fair value loss amounting to BD63,336 and foreign exchange gain amounting to BD132,541.

(d) During the year 2016, the Group has invested GBP3,000,000 in Jersey Fin Co. ("SPV") - 3M Bracknell, United Kingdom. The main objective of fund is capital appreciation and rental yield. The Group has fair valued the investment during the year and recorded unrealised fair value loss amounting to BD1,433,422 and foreign exchange gain amounting to BD68,421.

5 Investment securities (continued)

(e) During the year 2017, the Group has invested GBP3,000,000 in acquiring shares in Global Greenridge Finco Limited (Manchester) (Stockport & Bury), United Kingdom. The main objective of fund is capital appreciation and rental yield. The Company has disposed of its partial investment in Stockport and bury amounting to BD384,490 (GBP784,091) in the year 2019. Further, after the disposal the percentage of the holding which is 34.09%, remains the same. The Group has fair valued the investment during the year and recorded unrealized fair value loss amounting to BD410,964 and foreign exchange gain amounting to BD51,144.

(f) During 2015, the Group has invested BD1,500,000 in acquiring units Government Islamic Leasing Sukuk-Issue 22 (GILS22.SUK) due in 2025. These units are listed. As at 31 December 2023, the Company has not been able to find the inputs to value the investment in Sukuk. Accordingly, the Company has kept the investment in Sukuk at par value and impaired the premium value of BD64,500.

Unquoted equity securities at fair value comprise investments in closed companies, companies managed by external investment managers or represent investments in projects. The management calculates fair values of these investments using various sources of information including investment managers' reports and audited financial statements, wherever available.

Investment securities are denominated in the following currencies:

Currency	31 December 2023	31 December 2022
Great Britain Pound	4,273,896	6,157,872
Arab Emirates Dirham	2,721,155	2,519,676
Bahraini Dinars	1,500,000	1,564,500
	8,495,051	10,242,048

6 Investment in real estate

	Investment properties for periodical consideration	Total
Cost/Revaluation		
As at 31 December 2021	1,920,221	1,920,221
Additions	476	476
Unrealised fair value loss	(70,200)	(70,200)
Disposals	(300,087)	(300,087)
As at 31 December 2022	1,550,410	1,550,410
Additions	338,188	338,188
Unrealised fair value loss	(10,000)	(10,000)
Disposals	(811,293)	(811,293)
As at 31 December 2023	1,067,305	1,067,305
Depreciation		
As at 31 December 2021	33,898	33,898
Charge for the year	3,541	3,541
As at 31 December 2022	37,439	37,439
Charge for the year	9,541	9,541
On disposal	(8,810)	(8,810)
As at 31 December 2023	38,170	38,170
Net book value		
At 31 December 2023	1,029,135	1,029,135
At 31 December 2022	1,512,971	1,512,971

During the year, the net rental income earned including accrued periodical consideration on investment in real estate amounted to BD53,618 (2022: BD73,534).

	31 December 2023	31 December 2022
Rental income	68,009	106,738
Maintenance and electricity expenses	(14,391)	(33,204)
	53,618	73,534

7 Receivables and prepayments

	31 December 2023	31 December 2022
Other receivables	5,482	491,030
Prepayments	6,215	3,073
Accrued profit on investment securities	93,332	37,125
Accrued profit on mudaraba investments	7,048	-
	112,077	531,228

8 Right-of-use asset

	31 December 2023	31 December 2022
Opening balance	-	13,001
Addition during the year	26,147	-
Amortisation charge for the year	(13,074)	(13,001)
Closing balance	13,073	-

9 Ijarah Liability

	31 December 2023	31 December 2022
Opening balance	-	13,454
Additions during the year	26,147	-
Amortisation of deferred ijarah cost	1,349	435
Repayments	(13,967)	(13,889)
Closing balance	13,529	-
Less: current portion of ijarah liability	(13,529)	-
Non-current portion ijarah liability	-	-

	31 December 2023	31 December 2022
Maturity analysis – Net Ijarah liability		
Less than one year	13,014	-
Closing balance	13,014	-
Maturity analysis – Gross Ijarah liability		
Less than one year	13,529	-
Closing balance	13,529	-

10 Other liabilities

	31 December 2023	31 December 2022
Capital reduction payable to shareholders	41,186	39,188
Unclaimed dividend	1,352	10,260
Accrued and other payables	40,898	41,802
	83,436	91,250

11 Share capital

	31 December 2023	31 December 2022
Authorised		
400,000,000 (2022: 400,000,000) ordinary shares of 100 Fils each	40,000,000	40,000,000
Issued and fully paid-up		
55,000,000 (2022: 93,609,100) ordinary shares of 100 Fils each	5,500,000	9,360,910

The Company has only one class of equity shares and the holders of the shares have equal voting rights.

During the year, the Group has decided in the extra general meeting held on 25 May 2023 to reduce the share capital from BD9,360,910 to BD5,500,000. The Company has paid the capital reduction amounting to BD860,910 and the remaining BD3,000,000 is payable to shareholders as at 31 December 2023.

The names and nationalities of the major shareholders or those who hold interest of 5% or more and the number of shares at 31 December 2023 are as follows:

	Nationality	Number of shares	Percentage of shareholding interest
Marsa Leisure Company (Holding) B.S.C. (c)	Bahraini	25,392,196	46.168%
Ossis B.S.C. (c)	Bahraini	5,789,473	10.526%
Al Khaleej Development Company (Tameer) W.L.L.	Bahraini	5,789,473	10.526%
H.E. Dr. Sheikh Sultan Bin Khalifa Al Nahyan	Emirati	3,184,211	5.789%
Al Dammam Development Company S.S.C. (c)	Saudi	2,793,421	5.079%
		42,948,774	78.088%

11 Share capital (continued)

The names and nationalities of the major shareholders or those who hold interest of 5% or more and the number of shares at 31 December 2022 are as follows:

	Nationality	Number of shares	Percentage of shareholding interest
Marsa Leisure Company (Holding) B.S.C (c)	Bahraini	43,217,105	46.168%
Ossis B.S.C. (c)	Bahraini	9,853,590	10.526%
Inovest B.S.C.	Bahraini	9,853,590	10.526%
H.E. Dr. Sheikh Sultan Bin Khalifa Al Nahyan	Emirati	5,419,475	5.789%
Al Dammam Development Company S.S.C (c)	Saudi	4,754,357	5.079%
		73,098,117	78.089%

Details of the Directors' interests in the Company's shares as at 31 December 2023 and 31 December 2022 are as follows:

Name of the directors	2023 Number of shares	2022 Number of shares
Saud Kanoo	578,948	985,359
Faisal Al Matrook	674,386	1,147,794
	1,253,334	2,133,153

12 Reserves

(i) Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Group's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. During the year, an amount of BD27,279 has been transferred to the statutory reserve (2022: BD13,878).

(ii) Properties fair value reserve

The revaluation reserve represents the net surplus arising on revaluation of investment in real estate (Note 6). This reserve is not available for distribution.

(iii) Foreign currency translation reserve

Foreign currency translation reserve represents currency translation on investment securities. During the year, the exchange gain amounting to BD300,472 (2022: loss of BD701,860) has been transferred to the foreign currency translation reserve.

13 Profit from investment securities

	31 December 2023	31 December 2022
Dividend from equity-type instruments	71,823	46,326
Profit from debt-type instruments	82,500	82,500
	154,323	128,826

14 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the owners by the weighted average number of ordinary shares issued during the year.

	31 December 2023	31 December 2022
Net profit attributable to the owners	BD272,787	BD138,783
Weighted average number of ordinary shares	55,000,000	93,609,100
Basic and diluted earnings per share	Fils4.95	Fils1.5

The earnings per share have been computed on the basis of net profit for the year divided by the number of shares outstanding for the year 2023 and 2022. There is no difference between the basic and diluted earnings per share. The Company does not have any potentially dilute ordinary shares, hence the dilute earnings per share and basic earnings per share are identical.

15 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties consist of the shareholders, directors and key management personnel and their close family members, and businesses under their control. The Group's transactions with related parties are on arm's length basis and authorised by the management.

A summary of the transaction and amounts due from related parties is as follows:

		For the year ended Transaction amount	
Related party relationship	Transaction type	31 December 2023	31 December 2022
Directors	Directors remuneration	12,490	36,000
Directors	Board member fees and allowances	9,150	10,650
Key management personnel *	Salaries and other short-term benefits	77,400	92,400
Directors	Premises leased	13,887	13,887

* Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

15 Related party transactions and balances (continued)

A summary of related party balances is as follows:

	Related party relationship	31 December 2023	31 December 2022
Amounts due to shareholders	Shareholders	3,000,000	-
Capital reduction payable to shareholders	Shareholders	41,186	39,188

16 Maturity profile

Maturity profile of assets and liabilities is as follows:

	At 31 December 2023				
	Carrying amount	Up to 6 months	6-12 months	1-5 Years	5 years and above
Assets					
Cash and bank balances	654,495	654,495	-	-	-
Investment securities	8,495,051	-	-	8,495,051	-
Investment in real estate	1,029,135	-	-	1,029,135	-
Right of use asset	13,073	-	13,073	-	-
Receivables and prepayments	112,077	112,077	-	-	-
Total assets	10,303,831	766,572	13,073	9,524,186	-
Liabilities					
Amount due to shareholders	3,000,000	-	-	3,000,000	-
Ijarah liability	13,529	-	13,529	-	-
Other liabilities	83,436	83,436	-	-	-
Total liabilities	3,096,965	83,436	13,529	3,000,000	-

	At 31 December 2022				
	Carrying amount	Up to 6 months	6-12 months	1-5 Years	5 years and above
Assets					
Cash and bank balances	439,034	439,034	-	-	-
Investment securities	10,242,048	-	-	10,242,048	-
Investment in real estate	1,512,971	-	-	1,512,971	-
Receivables and prepayments	531,228	531,228	-	-	-
Total assets	12,725,281	970,262	-	11,755,019	-
Liabilities					
Other liabilities	91,250	65,230	26,020	-	-
Total liabilities	91,250	65,230	26,020	-	-

17 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, investment in securities, receivables and prepayments, payable to shareholders, ijarah liability and other liabilities. The specific recognition methods adopted are disclosed in the individual policy statements associated with each item.

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made to the objectives, policies and processes during the years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt amounts due to shareholders, Ijarah liability and other liabilities less cash and bank balances.

	31 December 2023	31 December 2022
Amounts due to shareholders	3,000,000	-
Other liabilities	83,436	91,250
Ijarah liability	13,529	-
Less: cash and cash equivalents	(654,495)	(439,034)
Net debt/(surplus)	2,442,470	(347,784)
Total capital	10,303,831	12,643,031
Total capital and net surplus	12,746,301	12,295,247
Net gearing ratio	19.16%	-

The Group has a net surplus position at 31 December 2022, therefore gearing ratio has been not calculated.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with national and multinational banks with good credit ratings. The Group's credit risk arises mainly from the Mudaraba investments and receivables of profits on investment securities.

Mudaraba investments are placed with highly reputed and credit worthy financial institutions. In case of receivables of profit on investment securities, the Group has well defined policies for managing credit risk to ensure that risks are accurately assessed, properly approved and regularly monitored. Overall exposures are also evaluated to ensure a broad diversification of risk by setting concentration limits by geographical regions and industrial sectors.

Currency rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's foreign currency transactions are predominantly in GCC currencies, United States Dollars (USD) and British Pounds (GBP) of which Group's significant transactions are in United States Dollars (USD) and other GCC currencies. The Bahraini Dinars is effectively pegged to the United States Dollar and other GCC currencies and therefore management considers the currency rate risk as minimal. The Group limits their currency rate risk by entering in the forward contract mainly to mitigate the currency exposure in GBP investments. The Group limits their currency rate risk by proactively monitoring the key factors that affect the foreign currency fluctuations.

17 Financial assets and liabilities and risk management (continued)

Currency rate risk (continued)

Foreign exchange sensitivity analysis is as follows:

Currency	Change	Impact on profit	Change	Impact on profit
Sterling Pound	+/-5%	+/- 216,561	+/-3%	+/- 129,936

Profit rate risk arises due to different timing of re-pricing of the Group's assets and liabilities. The Group's profit rate sensitive assets are mainly Mudaraba assets and liabilities are Murabaha financing.

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. (Refer Note 16 for maturity profile).

The Group's management rigorously monitors liquidity requirements on a regular basis to help ensure that enough funds are available, including unutilised credit facilities with banks, to meet its liabilities as they fall due.

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial losses. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Fair value hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Fair values of quoted securities/Sukuk are derived from quoted market prices in active markets, if available. For unquoted securities/Sukuk, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

17 Financial assets and liabilities and risk management (continued)

Fair value hierarchy (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at 31 December 2023 and 31 December 2022:

Investments designated at fair value through statement of income	**Level 1**	**Level 2**	**Level 3**	**Total**
For the year ended 31 December 2023				
Quoted Securities				
Sukuk	-	-	1,500,000	1,500,000
Unquoted Securities				
Private equities	-	6,995,051	-	6,995,051
	-	6,995,051	1,500,000	8,495,051
For the year ended 31 December 2022				
Quoted Securities				
Sukuk	-	-	1,564,500	1,564,500
Unquoted Securities				
Private equities	-	8,677,548	-	8,677,548
	-	8,677,548	1,564,500	10,242,048

Transfers between Level 1, Level 2 and Level 3

During the year ended 31 December 2023, there were no transfer from level 3 to level 2.

18 Contingent liabilities and commitments

As at 31 December 2023, the Company do not have any contingent liabilities and commitments arising in the ordinary course of business (2022: BDNil).

19 Subsequent events

There were no events subsequent to 31 December 2023 and occurring before the date of signing of the consolidated financial statements that would have a significant impact on these consolidated financial statements.