GATEHOUSE
CAPITAL

2023
ANNUAL REPORT

GATEHOUSE CAPITAL ECONOMIC & FINANCIAL CONSULTANCY K.S.C (CLOSED) AND SUBSIDIARIES

بسم الله الرحمن الرحيم

GATEHOUSE
CAPITAL

2023
ANNUAL REPORT

Gatehouse Capital K.S.C (Closed)

Established on July 13th, 2008

(Previously established on April 2nd, 2002 as a company with limited liability)

Paid up Capital KD 3,000,000

Divided into 30,000,000 share

Par value 100 Fils / share

Gatehouse Capital
Economic and Financial Consultancy K.S.C
(Closed) and Subsidiaries, Kuwait

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 December 2023

GATEHOUSE CAPITAL

2023 ANNUAL REPORT

H.H. Sheikh
Mishal Al-Ahmad Al-Jaber Al-Sabah
The Amir of the State of Kuwait

H.H. Sheikh
Ahmad Abullah Al-Ahmad Al-Sabah
The Prime Minister of the State of Kuwait

TABLE OF CONTENTS

BOARD OF DIRECTORS

Yousef Ibrahim Al Ghanim
Chairman

Madi Talal Al-Khamis
Vice Chairman

Mohamad Tawfik Al Tahawy
Board Member

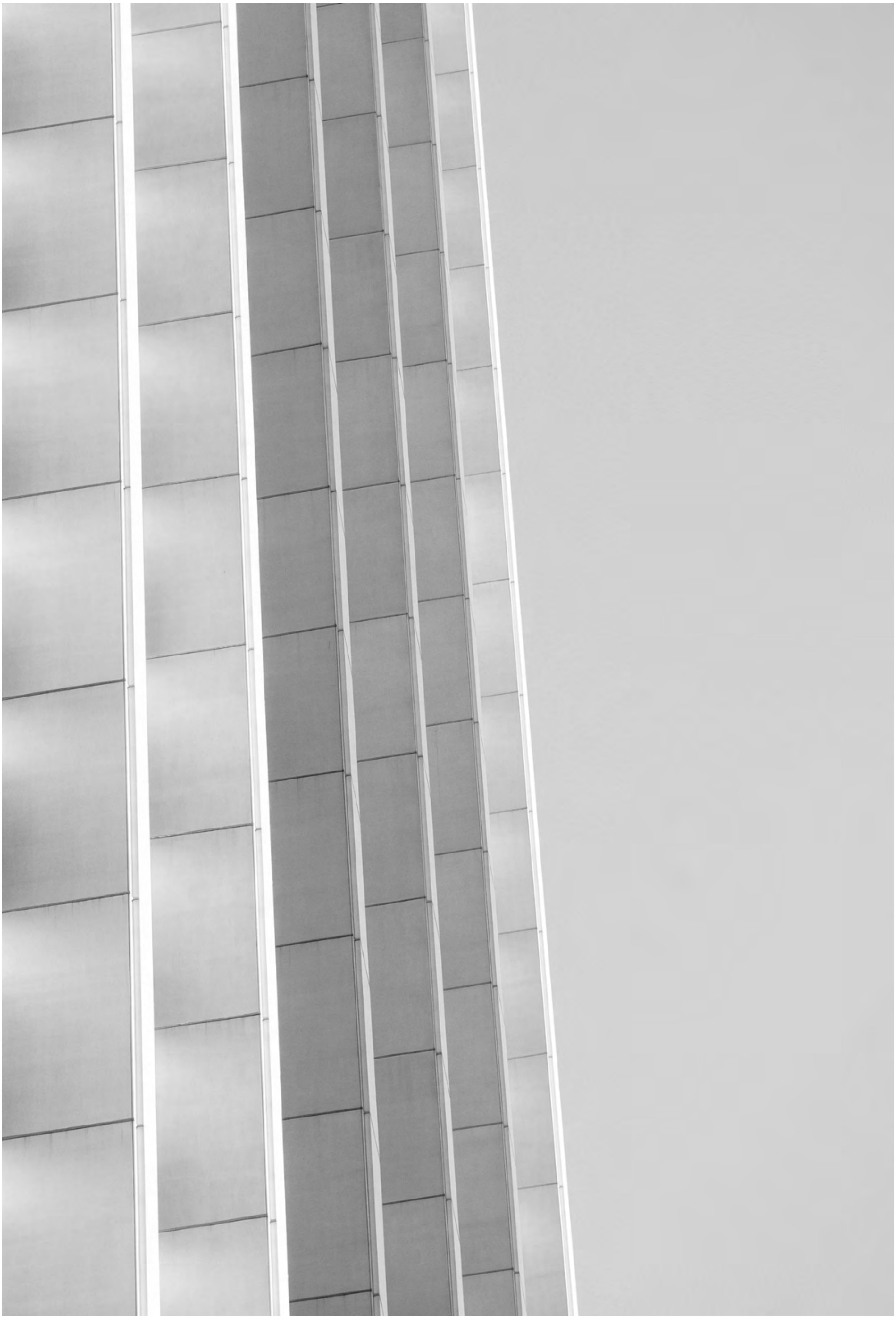
Bader A Tifouni
Board Member

Khaled Al-Baijan
Board Member

SUBSIDIARY COMPANIES

GSH USA

Global Securities House - USA



BOARD OF DIRECTORS' REPORT

For the year ended 31 December 2023

In the name of Allah, the Most Gracious, the Most Merciful,

On behalf of my colleagues, members of the Board of Directors, in 2023, we experienced unprecedented shifts in the global environment, testing the endurance of businesses worldwide. Gatehouse Capital realized a net profit of KD 233,335 in 2023 compared to KD 658,012 in the previous year due to the absence of new transactions and exited deals. While this is lower than the previous year, the recent restructuring and full re-acquisition by The Securities House in late 2022, further position us for enhanced operational efficiency and strategic alignment within the group.

Currently, Gatehouse Capital manages assets of just under $1 billion, Gatehouse Capital remains resilient across various sectors, with a notable emphasis on the industrial sector. While market forces have exerted pressure on valuations, our investments have demonstrated resilience, underpinned by strategic partnerships and astute portfolio management.

Looking ahead, we remain loyal in pursuit of lucrative investment opportunities, notwithstanding the challenging market backdrop. Our track record of capitalizing on market dynamics, indicated by the successful exits in the US market in previous years, emphasized our commitment to delivering compelling risk-adjusted returns for our clients.

In response to the evolving economic climate, Gatehouse Capital has started exploring new demographic jurisdictions. Our partnership with ARA in Europe signifies our commitment to growth and resilience in the face of market volatility. Moreover, our imminent Europe-based industrial acquisition, coupled with ongoing endeavors in the US market, underscores our dedication to delivering sustainable returns for our investors.

As we navigate the complexities of the global market landscape, we are confident in our ability to adapt, innovate, and capitalize on emerging opportunities, God willing. Gatehouse Capital will continue to leverage strategic partnerships and prudent investment strategies to navigate the ever-changing market dynamics, ensuring sustained value creation for our stakeholders.

Thank you for your continued support and trust in Gatehouse Capital.

Yousef Ibrahim Al-Ghanim
Chairman

To the Shareholders of Gatehouse Capital K.S.C.C

CORPORATE GOVERNANCE REPORT

For the Year Ended 31 December 2023

Gatehouse Capital K.S.C.P. believes in the necessary and important implementation of corporate governance rules in line with the interests of the Company and its shareholders. The Company also believes that compliance with the corporate governance rules preserves the Company's and shareholders' equity, as these rules ensure disclosure and efficiency and enhance the shareholders' trust on the board of directors and, hence, increase productivity.

In accordance with the instructions and decisions issued by the Capital Markets Authority (CMA), in particular those stated under Article 7.3 of Module Fifteen "Corporate Governance" of the Executive Bylaw of the Law No. 7/2010 regarding the Establishment of the Capital Markets Authority and Regulation of Securities Activity and the amendments thereto, we are pleased to enumerate below the actions taken during 2023 to fulfil all the regulatory requirements and adopt the corporate governance policies in line with the relevant CMA instructions:

Rule (1): Balanced Structure of the Board

1. Criteria of Board Formation:

The Board of Directors (BoD) of Gatehouse Capital comprises of 5 members. BoD formation considers, inter alia, qualifications, diversified experience and professionalism. In addition, most of BoD members are non-executive directors and still carry out their duties till the end of their board membership on 02 February 2026. BoD includes one independent director reflecting a balanced structure that enables BoD discharge its duties and responsibilities by laying down the Company's strategy and policies, setting its targets and overseeing the performance of the executive management. The following table sets out the names of qualifications of BoD members:

Name	Designation	Qualification & Experience	Election/ Appointment Date
Yousef Ibrahim Al-Ghanim	Chairman	Bachelor in Accounting	02 February 2023
Madi Talal Al-Khamis	Vice Chairman	Bachelor in Accounting 20-year experience in finance and management	22 June 2023
Mohammad Tawfik Al-Tahawy	BoD Member / Non-executive	MBA 33- year experience in finance and management	27 December 2015
Khaled Abdullateef Al-Baijan	BoD Member / Executive	MBA International and Diplomatic Relationships 17-year experience in finance and management	28 March 2021
Bader Ali Tifouni	BoD Member/Independent	Bachelor of Commercial Sciences 14-year experience in finance and management	02 February 2023

2. Board Meetings

BoD meetings are regularly held based on an invitation by the Chairman. For the purpose of BoD meetings, each BoD member is provided with the meeting agenda along with the related information and data at least three working days prior to the scheduled date of meeting. BoD approves its agenda in the meeting that shall not be valid unless it is attended by half of its members, provided that the number of attendees should be at least three members. Decisions are unanimously passed. The Company's Memorandum and Articles of Association govern BoD meetings and attendance thereof and handling the irregular attendance of BoD meetings. During the year ended 31 December 2023, BoD held 10 meetings as tabulated below:

Name of Board Member	Meeting (1) held on 02.01	Meeting (2) held on 06.02	Meeting (3) held on 20.03	Meeting (4) held on 12.04	Meeting (5) held on 30.04	Meeting (6) held on 10.05	Meeting (7) held on 22.06	Meeting (8) held on 17.07	Meeting (9) held on 06.08	Meeting (10) held on 10.11	Number of meetings
1. Yousef Ibrahim Al-Ghanim	-	√	√	√	√	√	-	√	√	√	8
2. Madi Talal Al-Khamis	-	-	-	-	-	-	√	√	√	√	4
3. Mohamad T. Al-Tahawy	√	√	√	√	√	√	√	√	√	√	10
4. Khaled A. Al-Baijan	√	√	√	√	√	√	√	√	√	√	10
5. Bader Ali Tifouni	-	√	√	√	√	√	-	√	√	-	7

3. Recording, handling and filing BoD meetings' minutes

The BoD Secretary, who is a company employee, records and maintains all minutes of the board meetings and the reports to be submitted by/to BoD. The Board Secretary is also responsible for coordinating with the BoD members and communicating the meeting dates three days prior to the scheduled date.

The Company's management maintains a record of all minutes of BoD meetings in order of the years of the meetings. Such record includes the place, date and start/end time of BoD meetings, the present and absent BoD members, the invited persons and the minutes of the discussions setting out the voting process. Such records are properly saved for easy reference.

4. Independent Member's Declaration

In accordance with the CMA regulations, the independent member signs a declaration of impartiality (attached).

Rule (2): Assignment of Roles & Responsibilities

The Company's Articles of Association define the roles and responsibilities of assigned to BoD. In addition, the BoD Charter defines the BoD roles including monitoring performance of executive management and ensuring compliance with the BoD approved business strategy and plans. The Executive Committee Charter and the relevant policies and procedures approved by BoD assign certain tasks and responsibilities to the executive management. Moreover, the approved Authority Matrix sets out all powers and authorities delegated to the executive management and those assigned solely to BoD.

Board of Directors:

BoD is responsible for laying down a company-wide strategy and the key business plans. The other tasks of BoD include:

1. Setting the company-wide targets and strategy, and overseeing the company-wide performance.
2. Approving the annual budgets and monitoring any deviation.
3. Laying down the Company's policies and bylaws and ensuring that these policies are clear and transparent for decision making purposes, and are in line with the principles of corporate governance approved by BoD.
4. Approving the interim reviewed and the annual audited financial statements.
5. Forming BoD committees (audit, risk management and remuneration & nomination) and approving the charters that govern their business.
6. Overseeing performance of BoD members and the executive manage as per the approved performance indicators.

Major Highlights & Achievements in 2023:

1. Discussed and approved the business plan and the budget for 2023.
2. Discussed and approved the audited financial statements for the year ended 31 December 2022.
3. Discussed and approved the corporate governance report for the year ended 31 December 2022.
4. Discussed and approved the recommendations of Remuneration & Nomination Committee, Audit Committee and Risk Management Committee.
5. Approved the reports of BoD Committees: Remuneration & Nomination Committee, Audit Committee and Risk Management Committee.
6. Approved the quarterly financial statements and budget for 2023.
7. Discussed and approved the budget for the next five years 2023-2027.
8. Discussed and approved the quarterly Compliance reports.
9. Reviewed the liquidity position and future cash flows for 2023.
10. Reviewed the summary of existing and future investments, projects and potential opportunities.
11. Approved distribution of dividends for the year ended 31 December 2022.
12. Discussed the updates regarding the subsidiaries and associates.
13. Reducing the company's capital, which is in excess of its business needs, and amending the company's memorandum and articles of association.
14. Reviewed and approved the acquisition of the company.

BoD Committees:

In order for BoD to fulfil the corporate governance rules in efficient and effective manner, BoD formed three BoD Committees that help enhance BoD efficiency in the management of the Company's business.

Duties and responsibilities as well as the authorities of each committee are assigned by BoD and documented in the form of a chart for each committee. Formation of each committee includes BoD non-executive members, who have the relevant expertise. These committees are:

- Audit Committee,
- Risk Management Committee, and
- Nomination & Remuneration Committee.

Audit Committee (AC):

Board Audit Committee ("AC") promotes the compliance culture within the Company and ensure the integrity of the financial reporting, adequacy and efficiency of the internal control systems. AC is supervised by, and reports to, the Board of Directors, and submits its recommendations to the Board in terms of its tasks and findings.

The major achievements and decisions of AC in 2022 are:

1. Discussed and approved the financial statements for the year ended 31 December 2022.
2. Approved the external auditors' report on the financial statements for the year ended 31 December 2022.
3. Approved the Internal Control System Review Report for the year ended 31 December 2022.
4. Approved reappointment of the external auditors for 2022.
5. Discussed the interim financial statement for 2023.
6. Approved the quarterly questionnaire on the policies and procedures adopted by the third parties providing Know-Your-Customer (KYC) services related to AML/CFT.
7. Discussed the quarterly internal audit reports for 2023.

AC Members:

Sr.	Name	Title	Presence
1	Mohammed Tawfiq Al Tahawy	Chairman	4
2	Bader Ali Tifouni	Member (independent)	3
3	Yousef Ibrahim Al-Ghanim	Member	2
4	Madi Tala Al-Khamis	Member	2

AC Secretary: Ohood Waleed Abu Ebaid

AC Formation Date	Duration	No of Meetings
06 February 2023	3 years	4

Risk Management Committee (RMC):

Risk Management Committee ("RMC") identifies, measures, monitor and minimizes the risks to which the Company exposes, submits the sound recommendations to BoD, approves Risk Appetite and ensures that the Company does not exceed such limits of risks after approval thereof by BoD.

The major achievements and decisions of RMC in 2022 are:

1. Discussed a comparative analysis of investment against the approved Risk Appetite.
2. Discussed and approved the periodic risk reports before filing to CMA.

AC Members:

Sr.	Name	Title	Presence
1	Mohammed Tawfiq Al Tahawy	Chairman	4
2	Bader Ali Tifouni	Member (independent)	3
3	Khaled A. Al-Baijan	(Member (executive	4

AC Secretary: Ohood Waleed Abu Ebaid

AC Formation Date	Duration	No of Meetings
06 February 2023	3 years	4

Nomination & Remuneration Committee (NRC):

Board Nomination & Remuneration Committee ("NRC") is concerned with nomination of the members of the Board of Directors ("BoD" or the "Board") and its committees and executive management. Such nomination is preliminarily based on the professional experience, technical abilities and the good morals and ethics to ensure that nomination serves the best interests of the Company and its shareholders.

In addition, the Committee lays down the policies and bylaws that govern payment of compensations and benefits for all the job levels in the Company including Chairman, Board members and the executive management in line with the Company's long- and short-term strategy and objectives, in order to attract the highly qualified and competent persons and motivate all staff to achieve the Company's objectives.

The major achievements and decisions of RMC in 2022 are:

1. Approved 2023-2027 Human Resources Report and the training and recruitment plan for 2023.
2. Approved the bonus for the Company's staff and executive management, the proposed increments, and amending certain job titles.
3. Discussed and approved the annual BoD performance appraisal for 2022.
4. Discussed and approved directors' and executive management's remuneration for 2022.

AC Members:

Sr.	Name	Title	Presence
1	Yousef Ibrahim Al-Ghanim	Chairman	1
2	Fahad F. Boodai	Member	0
3	Bader Ali Tifouni	Member (independent)	1

AC Secretary: Ohood Waleed Abu Ebaid

AC Formation Date	Duration	No of Meetings
06 February 2023	3 years	1

Mechanism applied for BoD members to obtain accurate information on a timely basis

The board secretary provides BoD with the adequate information about the agenda of BoD meeting at least three days before the meeting (unless there is an urgent meeting that requires inviting BoD members within shorter period) to enable them take the right decisions. In addition, the board secretary ensures the timely submission of the reports related to board works, points of agenda and meeting minutes.

The executive management provide BoD members with several reports and data to keep BoD updated of all the Company's activities and running of its business. Furthermore, BoD and executive management committees provides BoD with the necessary reports on a timely basis. BoD and its committees are provided with all information and data that enable them.

Rule (3): Selection of Competent Candidates for BoD and Executive Management

1. Fulfilment of NRC Formation Requirements

NRC is comprised of 3 members including the independent member and presided by a non-executive BoD member. Period of membership and processes are approved by BoD. The Committee meets at least once every year or whenever necessary.

NRC had approved a clear policy that covers remuneration of BoD Chairman and members and the various tranches of fixed and performance related remuneration. The Committee's tasks include proposing nomination and re-nomination of the members taking into consideration that nominees must fulfil CMA requirements.

2. BoD and Executive Management Remuneration Report

Gatehouse Capital adopts a well-defined staff remuneration policy that include a profit-sharing scheme for staff, especially the high performing employees in recognition of their efforts and to foster their dedication and commitment to achieve a targeted minimum profit. This policy aims to increase confidence of the shareholders by ensuring that the minimum profit target shall be realized even before the profit-sharing portion is allotted to staff.

Staff Remuneration:

The gross pool of remuneration is proposed at 7%-10% of net profit before calculation. Such ratio is adjusted for the profit rate to the net profit target before remuneration calculation, as shown in the table of remuneration and benefits paid to BoD members the executive management.

By end of each financial year, and concurrently with approval of the draft financial statements, performance of each employee is assessed against the achievement of the targets preset for each employee at the beginning of the year in addition to his/her personal skills throughout the year.

It is worth mentioning that bonus could be paid to certain employees if they have achieved the target performance such as a percent of the placement fee or the incentive fee collected by the Company even if the Company's minimum target profit is not achieved, subject to approval of NRC and BoD approval for CEO and executive management, and CEO approval for the other employees.

BoD Remuneration:

A fixed amount of annual remuneration is recommended for payment to BoD subject to approval of the Company's financial statements by the general assembly and in conformity with the regulatory and legal requirements. The amount of remuneration is based on the certain criteria like number of committees in which BoD director is a member beside his/her BoD membership, number of committee meetings attended by the concerned director and annual appraisal of BoD in terms of the technical skills and personal characteristics relating to Company's activities.

The following table sets out the remunerations, benefits and compensation paid to BoD and executive management for the financial year ended 31 December 2023:

BoD Remuneration and Benefits							
No. of Members	Remuneration and Benefits through Parent Company			Remuneration and Benefits through Subsidiaries			
	Fixed Bonus and Benefits (KD)	Variable Bonus and Benefits (KD)		Fixed Bonus and Benefits (KD)		Variable Bonus and Benefits (KD)	
	Consultation	Annual Bonus	Committee Allowance	Medical Insurance	Total Monthly Salaries	Annual Bonus	Committee Allowance
5	**20,000**	**-**	**15,000**	**-**	**-**	**-**	**-**

CORPORATE GOVERNANCE REPORT

For the Year Ended 31 December 2023

Total remuneration and benefits paid to 5 key executives, who received the highest remunerations, in addition to the CEO and CFO or their replacements																
No. of Executives	Remuneration and Benefits through Parent Company									Remuneration and Benefits through Subsidiaries						
	Fixed Bonus and Benefits (KD)							Variable Bonus and Benefits (KD)		Fixed Bonus and Benefits (KD)						Variable Bonus and Benefits (KD)
	Total Monthly Salaries	Medical Insurance	Tickets	Social Insurance	Vacation Allowance	End of Service	Other Allowance	Annual Bonus	Commis-sions	Total Monthly Salaries	Medical Insurance	Tickets	Leave Provision	ETB Provision	Education	
7	**298,570**	**5,464**	**35,650**	**18,975**	**52,913**	**46,288**	**960**	**14,403**	**3,000**	-	-	-	-	-	-	

No deviation from the approved remuneration policy has been identified during the year.

Rule (4): Integrity of Financial Reporting

1. Written Undertakings by BoD and Executive Management for Soundness and Integrity of the Financial Reports

The executive management represented in Chief Operating Officer and the Financial Controller undertake in writing to BoD that the Company's reports are presented in fair and sound manner and prepared in accordance with the international accounting standards approved by CMA.

Within the same context, the Chairman declares and undertakes the accuracy, integrity and soundness of the financial statements furnished to the external auditors, and that the Company's financial reports are presented in a sound and fair manner in accordance with the International Financial Reporting Standards (IFRSs) applicable to the State of Kuwait and approved by CMA and that it represents the Company's financial positions as at 31 December 2023, based on the information and reports provided by the executive management and the external auditor and the due care exercised, to ensure the soundness and accuracy of these reports.

2. Fulfilment of Audit Committee Formation Requirements

AC is formed in line with the nature of the Company's business and include experienced members. AC is comprised of 3 non-executive members including an independent director. The Chairman should be a member in this committee that should also include a highly qualified members having experience in accounting and finance. Period of membership and processes are approved by BoD. AC meets at least once every three months or whenever necessary.

In addition, AC promotes the culture of compliance inside the Company by ensuring the soundness and integrity of the Company's financial reporting, and adequacy and efficiency of the internal control systems. The Committee reports to BoD in terms of its duties and findings.

3. Independence and Objectivity of the External Auditor

The Company's ordinary general assembly appoints the external auditor based on a recommendation of AC after verifying that the he is enrolled in the CMA register and fulfils all the requirements stated under CMA decision regarding registration of auditors.

It is also ensured that the external auditor is independent of the Company and its BoD, and he is not engaged in any other tasks for the Company outside the scope of review and audit in a manner that may affect his independency.

Rule (5): Sound Risk Management and Internal Control Systems

1. Fulfilment of Risk Management Department Formation Requirements

An independent unit was informed to be entrusted with for risk management with their officers directly reporting to Risk Management Committee and having the necessary authorities that enable them carry out their duties, excluding financial authorities.

2. Fulfilment of Risk Management Committee Composition Requirements

RMC is comprised of three members and chaired by a non-executive director. The Chairman is a member in this committee for more authorities and independency. Period of membership is stated under the committee charter. The committee submits is reports directly to BoD that approves its processes. RMC meets at least once every three months or whenever necessary.

3. Internal control systems

The internal control systems are designed to cover all the Company's activities and ensure efficiency and effectiveness of operations. The internal control systems also ensures the dual control by assigning responsibilities and authorities through the approved Authority Matrix and operating policies and procedures that set out all levels of powers and authorities. In addition, the Company ensures segregation of duties, monitoring of all transactions that implies conflict of interest and full disclosure of such translations. The Company also adopts the Dual Control principle to all its operations and activities.

In addition, the Company conducts its internal control system review through an approved independent office to ensure adequacy of internal control systems. An annual report is produced a copy of which is provided to CMA.

4. Fulfilment of Independent Internal Audit Unit Formation Requirements

Internal Audit Unit is established to assess the efficiency and effectiveness of applied internal control systems. The Unit is independent and directly reporting to AC and BoD. Internal Audit Officer is hired by virtue of a decision by BoD and CMA approval.

Rule (6): Promoting Professional Conduct and Ethics

1. Standards of Professional Conduct and Ethics

The Company developed a code of conduct for both BoD members and staff, internal bylaws and the other guidelines for compliance with the laws that govern the Company's operations. It is expected that BoD will issue the sound decisions in all matters to protect the interests of clients, staff and the other stakeholders and maintain a sound environment based on efficient cooperation. In carrying out their duties, BoD, executive management and staff comply with the cost of conduct that requires, inter alia, honesty, integrity and dedication.

Code of Conduct & Ethics sets out the standard acts of every manager, officer or employee with the Company's stakeholders and the public. Such Code aims to ensure that the Company is viewed to others as an institution that complies with high standards of integrity in all its transactions. However, such Code does not address all situations and should not be considered as an alternative of practicing the good judgment and behaviours by the Company's employee.

2. Policies and Controls to Minimize the Conflict of Interest

A Conflict of Interest Policy has been approved to ensure maintenance of the highest level of transparency in reporting the Company's operations. Conflict of interest must be avoided among the employees/directors and their direct family members (i.e. spouse, sons/daughters, parents and siblings) and the Company in all their own transactions.

The aforesaid policy states that BoD should take all the reasonable procedures to detect, avoid or deal with the conflict of interest between BoD/employee, any of their relative/subsidiaries and their customers, employees and agents, or misuse the confidential information of those customers:

BoD should always act in a manner that serves solely the Company's interests. They should set aside their personal interest and discharge their responsibilities for managing the Company in a manner that enhance the public's trust in BoD's integrity and impartiality. Any BoD member may not obtain any gain, directly or indirectly, from his position in such capacity.

A BoD director may not, without approval of the Company's general assembly (provided such approval should be renewed on an annual basis), have a direct or indirect interest in the business or contract concluded for the Company, except for the business concluded through a public tender if such director submits the best bid.

A director shall notify BoD of his/her personal interests in the business and contract concluded for the Company and record such notification in the meeting's minutes. A director having such an interest may not vote on any decision to be passed in this respect. In addition, BoD Chairman should inform the Company's general assembly of the business and contracts to which he is a party. Such notification should be accompanied with a special report prepared by the Company's auditors.

Rule (7): Accurate and Timely Disclosure & Transparency

1. Accurate and Transparent Presentation & Disclosure

The management of Gatehouse Capital is keen to adopt and follow the highest standards of disclosure and transparency in order to ensure the equal and unbiased treatment of all the existing and potential shareholders and stakeholders. The adopted mechanisms of presentation and disclosures approved by BoD consider accuracy and transparency in presenting the financial and non-financial information and data. Furthermore, the Company's management review the mechanisms and systems of disclosure and transparency on a regular basis to ensure adoption thereof in line with the best international practices.

2. Requirements for BoD Members and Executive Management Disclosure Register

A register of BoD and executive management disclosures was prepared with board secretary. A circular was sent to all members of BoD and executive management to inform the board secretary with any conflict of interest between their direct family members and the Company or the subsidiaries or the companies in which the Company is involved. A declaration and undertaken to this effect is obtained from the members of BoD and executive management.

3. Investor Relations Unit

The Company's management established an Investor Relations Unit that reports to BoD Deputy Chairman and CEO to ensure its independence. The Unit is responsible for providing all information and data to the existing shareholders and investors through the generally accepted means of disclosure including the Company's Website.

4. Development of IT Infrastructure

The Company's management pays special attention to development of IT infrastructure. The key noticeable developments include launching the website that has a separate section of corporate governance along with the interim reviewed and annual audited financial statements, disclosures of the Company-related material information and events and the other data and information that assist the shareholders, potential investors and stakeholders to exercise their rights and evaluate the Company's performance.

Rule (8): Respecting Shareholders' Rights

1. Defining and Protecting the Shareholders' Rights

The Shareholders & Investors Relations Policy approved by BoD provides for all rights of the Company's shareholders and the equal and unbiased treatment of all shareholders holding the same class of shares. The aforesaid rights include the following:

- Dealing of the shares, e.g. registration, transfer, etc.
- Taking part in making the decisions for amendment of the Company's Memorandum and Articles of Association and the other extraordinary decisions that may affect the Company's future/business such as merge, sale of significant portion of assets or dissolution of a subsidiary.
- Monitoring the Company's performance in general and BoD performance in particular.
- Obtaining accurate, comprehensive and sufficient information in a timely manner including the operating and investing strategies in order to evaluate the financial statements of the Company and its performance.
- Charging BoD and executive management members with the responsibilities if they failed in carrying out their duties.
- Receiving the dividends and voting in the general assembly's meetings.
- Receiving a portion of the Company's assets in case of liquidation thereof.
- Electing BoD.

2. Maintaining a Special Record with Clearing Agency under the Requirements of the Continuous Follow up of Shareholders related Information

The Company entered into a contract with a clearing agency approved by CMA, Kuwait Clearing Company, to maintain the shareholders' register that includes names and nationalities of the shareholders and the number of shares owned by each shareholder. The aforesaid register is updated with any change made thereto. The Company's shareholders have access to that register, which is always treated as strictly confidential.

3. Encouraging Shareholders to Take Part and Vote in the General Assembly Meeting

The Company makes available all the data and information relating to the agenda within sufficient time before the meeting date, and give access for all the shareholders to these data and information to enable them take part in the meetings. The Chairman or the external auditor replies to all questions and inquiries raised by the shareholders with respect to the Company's financial position, results, operating activities or future plans.

Furthermore, the Company ensures that all shareholders have the chance to vote, in person or by proxy, on the decisions passed in the general meeting and for electing BoD members. Attendance of the general assembly meeting is free of charge, and no preference is granted to any shareholder over the others.

Rule (9): Recognizing the Role of the Stakeholders

1. Systems and Policies that Ensure Protection and Recognition of Stakeholders' Rights

The Company has developed systems and policies that ensure protection of the stakeholders' rights, as the key factor of the Company's success in achieving its goals is the mutual efforts of all parties including customers, suppliers, employees, investors and the other parties that have business relations with the Company.

2. Encourage Stakeholders' to Participate and Follow up on Company's Business Activities

The Company's management encourage stakeholders to take part and participate in following Company's business activities, through a systematic policy that put a great emphasis on transparency, and dealing fairly with all stakeholders, and by establishing a culture among employees to create a link between staff performance and achieving Company's strategic goals, leading to inspire Company's employees to participate in a continued and effective manner in follow up on Company's business activities.

Rule (10): Enhancing Performance

1. Fulfilment of Trainings for BoD and Executive Management Requirements

Gatehouse Capital pays special attention to the continued trainings and qualification of each BoD and executive management member due to its belief that such continued trainings contribute to achievement of the Company's goals and ensure that each BoD and executive management member carries out his/her assigned task and responsibilities in a timely and efficient manner. Such programs and courses consider the training needs and requirements of BoD or executive management member.

2. Evaluation of BoD and Executive Management Performance

The Company developed Key Performance Indicators "KPIs" to measure and the BoD performance, as a whole, and contribution of each director. In addition, the Company developed KPIs for each board committee and every executive management member. Accordingly, performance appraisals are conducted against these KPIs and the preset objectives in order to measure any variations and address/resolve the same which ensures the good performance by BoD and executive management members and, hence, achieve the Company's targets.

3. BoD Efforts to Promote and Enhance Organizational Values

The Company strives to promote the organizational values by setting the mechanisms and procedures that help achieve its strategic goals and enhance performance. In addition, the Company continually develops the in-house integral reporting system to become more comprehensive and, accordingly, assist BoD and executive management members to take the sound decisions.

Rule (11): Promoting Social Responsibility

A Social Responsibility Policy has been developed to balance the Company's goals with the community's, and ensure the Company's contribution to community in line with the belief of the Company's management belief that such responsibility is a key factor of its success.

In addition, the Company engaged a professional designed from the local market to design and produce the gifts of the Holy Month of Ramadhan for its customers as part of its social responsibility and support of the national young talents.

Yousef Ibrahim Al-Ghanim
Chairman

GATEHOUSE
CAPITAL

INDEPENDENT AUDITOR'S REPORT

2023

Gatehouse Capital – Economic and Financial Consultancy K.S.C (Closed) and Subsidiaries, Kuwait

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 December 2023

Deloitte & Touche
Al-Wazzan & Co.
Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174, Safat 13062
Kuwait

Tel : +965 22408844, 22438060
Fax : +965 22408855, 22452080
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
To The Shareholders of Gatehouse Capital – Economic and Financial Consultancy K.S.C (closed)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gatehouse Capital – Economic and Financial Consultancy K.S.C (Closed) (the "Parent Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of income, 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 material accounting policy information..

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).

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.

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

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To The Shareholders of Gatehouse Capital – Economic and Financial Consultancy K.S.C (closed) (Continued)

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

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

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

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 and its Executive Regulations 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, and its Executive Regulations, or 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 consolidated financial position.

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

Talal Y. Al-Muzaini
Licence No. 209A
Deloitte & Touche -Al-Wazzan & Co.

Kuwait
24 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	Kuwaiti Dinars 2023	2022
Non-current assets			
Right of use assets	4	**231,629**	324,369
Investment properties	5	**-**	50,000
Receivable from sale of an associate	6	**2,564,430**	2,450,400
Investment securities at fair value through other comprehensive income	7	**1,680,990**	1,860,687
		4,477,049	4,685,456
Current assets			
Receivable from sale of an associate	6	**-**	430,352
Accounts receivable and prepayments		**539,857**	334,344
Cash and bank balances		**1,312,558**	2,986,486
		1,852,415	3,751,182
TOTAL ASSETS		**6,329,464**	8,436,638
EQUITY AND LIABILITIES			
Equity			
Share capital	8 (a)	**3,000,000**	5,000,000
Statutory reserve	8 (b)	**1,587,329**	1,563,637
Foreign currency translation reserve		**396,096**	390,063
Retained earnings		**486,723**	456,777
Total equity		**5,470,148**	7,410,477
Non-current liabilities			
Lease liabilities	9	**152,462**	247,340
Employees' end of service benefits		**406,252**	341,551
		558,714	588,891
Current liabilities			
Lease liabilities	9	**88,988**	83,503
Accounts payable and accruals		**211,614**	353,767
		300,602	437,270
Total liabilities		**859,316**	1,026,161
TOTAL EQUITY AND LIABILITIES		**6,329,464**	8,436,638

The attached notes form an integral part of these consolidated financial statements.

Yousef Al Ghanim
Chairman

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2023

	Notes	Kuwaiti Dinars 2023	2022
CONTINUING OPERATIONS			
INCOME			
Recurring advisory fees		**716,003**	853,969
Non-recurring advisory fees		**-**	1,192,218
Placement fees		**-**	37,970
Investment income	10	**342,589**	(180,673)
Income on receivable from sale of an associate	6	**152,029**	123,946
Other income		**129,231**	122,585
		1,339,852	2,150,015
EXPENSES			
Staff costs		**844,006**	1,004,387
General and administrative expenses		**149,556**	309,632
Depreciation and amortisation		**92,740**	117,267
Finance costs on lease liabilities	9	**16,627**	21,797
		1,102,929	1,453,083
PROFIT BEFORE DIRECTORS' REMUNERATION, CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS") AND ZAKAT		**236,923**	696,932
Directors' remuneration (note 8(c))		**-**	(25,000)
Contribution to KFAS		**(2,369)**	(6,957)
Zakat		**(1,219)**	(5,770)
PROFIT FOR THE YEAR		**233,335**	659,205
DISCONTINUED OPERATIONS			
Loss on disposal of associate	6	**-**	(1,193)
PROFIT FOR THE YEAR		**233,335**	658,012

The attached notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		Kuwaiti Dinars	
	Notes	**2023**	2022
Profit for the year		**233,335**	658,012
Other comprehensive (loss)/income:			
Items that will be reclassified to the consolidated statement of income in subsequent years:			
Foreign currency translation adjustment		**6,033**	61,289
Items that will not be reclassified to the consolidated statement of income:			
Changes in the fair value of investment securities at fair value through other comprehensive income		**(128,110)**	(8,716)
Disposal of investment securities at fair value through other comprehensive income		**(51,587)**	(31,181)
Other comprehensive (loss)/ income for the year		**(173,664)**	21,392
Total comprehensive income for the year		**59,671**	679,404
Attributable to:			
-Continuing operations		**59,671**	680,597
-Discontinued operations		**-**	(1,193)
		59,671	679,404

The attached notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Kuwaiti Dinars					
	Share capital	**Statutory reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**
As at 1 January 2022	10,000,000	1,494,063	(155,000)	328,774	1,063,236	12,731,073
Profit for the year	-	-	-	-	658,012	658,012
Other comprehensive income	-	-	(8,716)	61,289	(31,181)	21,392
Total comprehensive income	10,000,000	1,494,063	(163,716)	390,063	1,690,067	13,410,477
Capital reduction (note 8 (a))	(5,000,000)	-	-	-	-	(5,000,000)
Transfer to reserve	-	69,574	-	-	(69,574)	-
Transfer	-	-	163,716	-	(163,716)	-
Dividends paid (note 8 (d))	-	-	-	-	(1,000,000)	(1,000,000)
As at 31 December 2022	5,000,000	1,563,637	-	390,063	456,777	7,410,477
As at 1 January 2023	**5,000,000**	**1,563,637**	**-**	**390,063**	**456,777**	**7,410,477**
Profit for the year	**-**	**-**	**-**	**-**	**233,335**	**233,335**
Other comprehensive income	**-**	**-**	**(128,110)**	**6,033**	**(51,587)**	**(173,664)**
Total comprehensive income	**5,000,000**	**1,563,637**	**(128,110)**	**396,096**	**638,525**	**7,470,148**
Capital reduction (note 8 (a))	**(2,000,000)**	**-**	**-**	**-**	**-**	**(2,000,000)**
Transfer to reserve	**-**	**23,692**	**-**	**-**	**(23,692)**	**-**
Transfer	**-**	**-**	**128,110**		**(128,110)**	
As at 31 December 2023	**3,000,000**	**1,587,329**	**-**	**396,096**	**486,723**	**5,470,148**

The attached notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	Kuwaiti Dinars 2023	2022
OPERATING ACTIVITIES			
Profit for the year		**233,335**	658,012
Adjustment for:			
Investment income	10	**(342,589)**	180,673
Loss on sale of associates	6	**-**	1,193
Income on receivable from sale of an associate		**(152,029)**	-
Depreciation/ amortisation of right of use assets		**92,740**	117,267
Provision for employees' end of service benefits		**71,980**	107,144
Finance costs on lease liabilities		**16,627**	21,797
Net cash flows (used in)/ from operating activities before working capital changes		**(79,936)**	1,086,086
Adjustments for changes in working capital:			
Receivable from sale of an associate	6	**468,351**	(124,052)
Investments at FVTPL		**-**	1,080,000
Accounts receivable and prepayments		**(207,312)**	430,711
Accounts payable and accruals		**(142,153)**	(140,180)
Cash from operating activities		**38,950**	2,332,565
Employees' end of service benefits paid		**(7,279)**	(30,993)
Net cash flows from operating activities		**31,671**	2,301,572
INVESTING ACTIVITIES			
Purchase of furniture and equipment		**-**	(144)
Proceeds from sale of investment securities at fair value through other comprehensive income		**-**	1,719,206
Proceeds from sale of investment properties	5	**238,767**	123,257
Proceeds from sale of an associate		**-**	917,840
Dividend income received		**155,621**	201,301
Net cash flows from investing activities		**394,388**	2,961,460
FINANCING ACTIVITIES			
Payment of capital reduction	8 (a)	**(2,000,000)**	(5,000,000)
Dividends paid	8 (d)	**-**	(1,000,000)
Repayment of lease liabilities		**(89,393)**	(84,223)
Finance costs on lease liabilities		**(16,627)**	(21,797)
Net cash flows used in financing activities		**(2,106,020)**	(6,106,020)
Net decrease in cash and cash equivalents		**(1,679,961)**	(842,988)
Net foreign exchange differences		**6,033**	16,735
Cash and cash equivalents as at 1 January		**2,986,486**	3,812,739
Cash and cash equivalents as at 31 December		**1,312,558**	2,986,486

The attached notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

1. Corporate information and activities

Gatehouse Capital – Economic and Financial Consultancy K.S.C (Closed) (the 'Parent Company') is a closed shareholding company registered in Kuwait on 13 July 2008. The main objectives of the Parent Company are as follows:

- Placement agent.
- Investment advisor.
- provide financial, management and economic consultations;
- conduct financial, management and economic studies and researches;
- organize specialized conferences, forums and workshops;
- effect transactions in securities (offer or sell) for the account of the issuer or any of its affiliates, or buying securities from the issuer or its affiliates for the purpose of re-marketing after appropriate regulatory approval;
- own movables and immovable properties required for carrying out its business within the limit permitted by law;
- utilize financial surpluses available to the Parent Company for investment in financial portfolios managed by competent companies and authorities.

The Parent Company is regulated by the Capital Markets Authority (CMA) as a licensed person.

The Parent Company's registered address is 15 Floor, Al Dhow Tower, Sharq, Khalid Bin Al Waleed Street, P. O. Box 29120, Safat 13150, Kuwait.

The consolidated financial statements of the Parent Company and subsidiaries (collectively the "Group"), for the year ended 31 December 2023 were authorized for issue by the Parent Company's board of directors 24 March 2024. The annual general assembly of the shareholders of the Parent Company has the power to amend these consolidated financial statements after issuance.

2. Basis of preparation and material accounting policy information

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).These consolidated financial statements have been prepared under the historical cost basis except for the measurement at fair value of investment properties, financial assets classified as at fair value through other comprehensive and financial assets classified as at fair value through profit or loss.

The consolidated financial statements are presented in Kuwaiti Dinars (KD) which is the functional currency of the Parent Company.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.17.

Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2.2 New and revised IFRS accounting standards

Effective for the current year

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group, however, these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

- IFRS 17, 'Insurance contracts' – This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of accounting policies – The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material' accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.
- Amendments to IAS 8 - The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.
- Amendment to IAS 12 - International tax reform - pillar two model rules - These amendments give companies temporary exception from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. Following the amendments, an entity is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

2.3 Standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective:

Standard, interpretation, amendments	Description	Effective date
Amendment to IAS 1 – Current and Non-current liabilities	Classification of liabilities as current or non-current: The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	1 January 2024
Non-current liabilities with covenants	Non-current liabilities with covenants - The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent).	
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024

Amendment to IFRS 16 – Leases on sale and leaseback	The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.	1 January 2024
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025 (early adoption is available)

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements in the period of initial application and adoption of these new standards, interpretations and amendments will not have any material impact on the consolidated financial statements of the Group in the period of initial application.

2.4 Business combination

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition is measured as the fair values of the assets given, equity interests issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized at the non-controlling interest's proportionate share of the acquiree's net assets.

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of income. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

An indemnification received from the seller in a business combination for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability that is recognized at the acquisition date at its acquisition-date fair value is recognized as an indemnification asset at the acquisition date at its acquisition-date fair value.

The Group uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

2.5 Consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

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, and
- The ability to use its power over the investee to affect its returns.

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;
- Voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and income. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full. Intra group losses that indicate an impairment is recognized in the consolidated financial statements.

When the Parent Company loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of income.

2.6 Financial instruments

Recognition and de-recognition of financial assets and financial liabilities

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in consolidated statement of income as the modification gain or loss within other gains and losses.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of income or in the consolidated statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchase or sale of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Classification of financial assets and financial liabilities

Classification of financial assets are based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at Fair Value through Profit or Loss. The Group's business model is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

Assessment of whether contractual cash flows are Solely Payments of Principal and Profit (SPPP test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' contractual cash flows represent Solely Payments of Principal and Profit (the 'SPPP test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPP assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

The Group classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost (AC)
- Investment securities at FVTPL
- Investment securities at FVOCI

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPP on the principal amount outstanding.

Cash and bank balances and accounts receivable in the nature of financial assets are classified as financial assets carried at amortised cost.

Investment securities at FVTPL

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Included in this classification are certain, equities securities that have been acquired principally for the purpose of selling or repurchasing in the near term.

Investment securities at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Equity instruments at FVOCI are subsequently measured at fair value. Gains and losses on these equity instruments are never recycled to consolidated statement of income. Dividends are recognised in consolidated statement of income, when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in consolidated statement of income and other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. The cumulative gains or losses will not be reclassified to consolidated statement of income, instead, they will be transferred to retained earnings in the consolidated statement of changes in equity.

Impairment of financial assets

The Group recognizes expected credit losses (ECL) on financial assets that are measured at amortized cost.

The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions. The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

General approach

To measuring ECL under the general approach the assets migrate through a three-stages based on the change in credit quality since initial recognition.

The Group recognizes ECL for cash and bank balances and accounts receivable using the general approach.

The Group applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Simplified approach

The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

ECL

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

Event of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group incorporates forward-looking information based on expected changes in macro- economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All Financial liabilities are classified as measured at amortized cost. Financial liabilities at amortized cost are initially measured at fair value and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of income.

2.7 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 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 - inputs are unobservable inputs for the asset or liability.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments, fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost less impairment.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.8 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in consolidated statement of income. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Fair values of investment properties are determined by appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in consolidated statement of income.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2.9 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Cash and cash equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents includes bank balances and cash that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

2.11 Post-employment benefits

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at cessation of employment. The defined benefit plan is unfunded and is based on the liability that would arise on involuntary termination of all employees on the reporting date. This basis is considered to be a reliable approximation of the present value of this liability.

2.12 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

- Recurring advisory and placement fees are recognised over the period of time as the Group satisfies the performance obligation by transferring the promised services to the customer.
- Consultancy and advisory fees is recognised point in time as the Group satisfies the performance obligation by transferring the promised services to the customer.
- Gain or losses on sale of financial assets are recognised when the risks and rewards are transferred to the buyer.
- Dividend income is recognised when the right to receive payment is established.

2.13 Foreign currencies

Foreign currencies transactions are recorded at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies outstanding at the year-end are translated into Kuwaiti Dinars at rates of exchange ruling at the reporting date. Any resultant gains or losses are taken to the consolidated statement of income.

Translation differences on non-monetary items, such as equities classified as FVOCI are included in the investment fair valuation reserve in equity.

The income and cash flow statements of foreign operations are translated into the Group's reporting currency at average exchange rates for the year and their consolidated statement of financial position are translated at exchange rates ruling at the year-end. Exchange differences arising from the translation of the net investment in foreign operations (including goodwill) are taken to the consolidated statement of comprehensive income. When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of income as part of the gain or loss on sale.

2.14 Taxation

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

The Group calculates the contribution to KFAS at 1% of the profit in accordance with the KFAS 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.

Taxation on overseas subsidiaries

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate. Income tax payable on taxable profit ("current tax") is recognized as an expense in the year in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates.

2.15 Contingencies

Contingent assets are not recognized as an asset until realisation becomes virtually certain. Contingent liabilities, other than those arising on acquisition of subsidiaries, are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Contingent liabilities arising in a business combination are recognized if their fair value can be measured reliably.

2.16 Leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short-term leases and low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of income.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent Measurement

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the consolidated statement of income. The depreciation starts at the commencement date of the lease.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.17 Significant accounting judgments, estimates and assumptions

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect in the amounts recognized in the consolidated financial statements.

Significant increase in credit risk

As explained in note 2.5, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or life time ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Structured entities

The Parent Company uses judgement in determining which entities are structured entities. If the voting or similar rights are not the dominant factor in deciding who controls the entity and such voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements, the Group identifies such entities as structured entities. After determining whether an entity is a structured entity, the Parent Company determines whether it needs to consolidate this entity based on the consolidation principles of IFRS 10. The management of the Parent Company has determined that it does not have any interest in consolidated structured entities as at the reporting date.

The Parent Company considers itself the sponsor of certain limited liability companies that are Special Purpose Vehicles (SPVs) for the Parent Company's asset management activities. These SPVs are used to raise funds from the Group's clients on the basis of product offering memorandum with eventual objectives of investments in specified asset classes as defined in the offering documents of the SPVs. These SPVs are managed on a fiduciary basis by the Parent Company's asset management teams and as the Parent Company does not control these SPVs as at the reporting date in accordance with the definition of control in IFRS 10, these SPVs are not consolidated into the Group's consolidated financial statements. The Parent Company has not transferred any assets to these SPVs during the year.

The Parent Company's investment in these SPV's are included in investment securities at fair value through other comprehensive income amounting to KD 1,680,990 (2022: KD 1,860,687).

Classification of investments

The Group determines the classification of financial instrument based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial instrument are solely payments of principal and interest on the principal amount outstanding. Refer note 2.5 classification of financial assets for more information.

Classification of real estate property

Management decides on acquisition of a real estate whether it should be classified as trading, property held for development or investment property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business. The Group classifies property as investment property under development if it is acquired with the intention of development. The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Estimation of uncertainty

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 discussed below:

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- Recent arm's length market transactions;
- Current fair value of another instrument that is substantially the same; or
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Impairment of financial assets

The Group estimates expected credit loss for all financial assets carried at amortised cost or fair value through consolidated statement of income except for equity instruments. The determination of expected credit loss involves significant use of external and internal data and assumptions. Refer note 2.5 impairment of financial assets for more information.

3. Subsidiaries

Name of Company	Country of incorporation	Percentage of ownership		Principal activities
		2023	2022	
Subsidiaries				
Blue Pillar Advisory Ltd.	Cayman Islands	**100%**	100%	Investment advisory services
Dhow Holdings Corporation ("DHC")*	Cayman Islands	**-**	100%	Investment holding
Held through DHC Global Securities House USA, Inc ("GSH USA")	USA	**100%**	100%	Investment holding

* DHC was liquidated on 5 January 2023.

4. Right of use assets

	Kuwaiti Dinars	
	2023	2022
As at 1 January	**324,369**	417,109
Less: Amortisation	**(92,740)**	(92,740)
As at 31 December	**231,629**	324,369

The Group leases office space for its operations. Lease contracts are typically made for fixed periods ranging from 1 to 3 years.

5. Investment properties

	Kuwaiti Dinars	
	2023	2022
As at 1 January	**50,000**	334,363
Change in fair value (note 10)	**-**	(146,684)
Disposal of investment property	**(50,000)**	(137,679)
	-	50,000

During the current year, the Company sold its investment properties located in the Sultanate of Oman amounting to KD 50,000 at a profit of KD 188,767. The cash proceeds from sale amounts to KD 238,767 (OMR 297,250).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

6. Receivable from sale of an associate

In March 2022, the Group entered a share repurchase agreement with Weaver Point to dispose its investments for a total purchase cash consideration of USD 14,047,500 payable in seven instalments ending by 31 March 2028. The loss on disposal amounted to US$ 3,897 (KD 1,193). The consideration is also guaranteed by the minority shareholder's pledge of their interest in favour of the Group.

During the year, the Group received the second instalment of USD 1,540,000 (KD 468,351) from the above consideration.

As of 31 December 2023, the consideration receivable amounted to USD 8,360,000 (KD 2,564,430). During the year, the Group recognised income of USD 495,000 (KD 152,029) on this receivable.

7. Investment securities at fair value through other comprehensive income

	Kuwaiti Dinars	
	2023	2022
Unquoted foreign equity securities	**1,680,990**	1,860,687

8. Share capital, reserves, directors' remuneration and proposed dividend

a. Share capital

The authorised, issued and fully paid up share capital of the Company comprises of 30,000,000 (31 December 2022: 50,000,000) shares of 100 fils.

The Extraordinary General meeting of the Parent Company's shareholders held on 17 May 2023 resolved to reduce the authorized, issued and paid up share capital by 20,000,000 shares of 100 fils per share amounting to KD 2,000,000. This was registered in the commercial register on 25 June 2023. The payment of cash on capital reduction was made to the shareholders on 25 June 2023.

b. Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, Zakat, and Directors' remuneration has been transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve equals 50% of the paid-up capital. The statutory reserve is not available for distribution except in certain circumstances stipulated by law.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

c. Directors' remuneration

The Directors' remuneration of KD nil (2022: KD 25,000) is in accordance with the local regulations and is subject to approval of the shareholders' in the annual general meeting.

d. Dividend

The shareholders at the Annual General Meeting (AGM) held on 17 May 2023 approved not distributing cash dividend for the year ended 31 December 2022 (2021: KD 1,000,000).

9. Lease Liabilities

	Kuwaiti Dinars	
	2023	2022
As at 1 January	**330,843**	415,066
Finance Costs	**16,627**	21,797
Lease payments	**(106,020)**	(106,020)
As at 31 December	**241,450**	330,843

The above is segregated as:

	Kuwaiti Dinars	
	2023	2022
Current	**88,988**	83,503
Non-Current	**152,462**	247,340
	241,450	330,843

The Group does not have any lease contracts that contains variable lease payments not included in the measurement of lease liabilities.

10. Investment income

	Kuwaiti Dinars	
	2023	2022
Dividend income	**153,822**	175,036
Realized gain/(loss) on sale of investment properties (note 5)	**188,767**	(14,422)
Realized loss on sale investment securities at fair value through profit or loss	**-**	(194,603)
Unrealized loss on investment properties (note 5)	**-**	(146,684)
	342,589	(180,673)

11. Related party transaction

Related parties represent the Ultimate Parent Company, 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.

Balances and transactions with related parties included in the consolidated financial statements are as follows:

	Kuwaiti Dinars	
	2023	2022
Consolidated statement of income:		
Other income	**25,815**	240
General and administrative expenses	**(47,000)**	(42,000)

	Kuwaiti Dinars	
	2023	2022
Key management compensation		
Salaries and other short-term benefits	**177,483**	212,387
Employees' end of services benefits	**24,338**	21,229
	201,821	233,617

12. Risk management

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each within the Group is accountable for the risk exposures relating to his or her responsibilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into profit rate risk, foreign currency risk and equity price risk. The Group's policy is to monitor those business risks through the Group's strategic planning process. No changes were made in the risk management objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial assets, which potentially subject the Group to credit risk, consist principally of bank balances and other receivables. The Group's bank balances is held with high credit quality banks and financial institutions. The Group seeks to limit its credit risk also by dealing with credit worthy counter parties and regularly monitoring its outstanding receivables.

Gross Maximum Exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements, if any:

	Kuwaiti Dinars						
		31 December 2023			31 December 2022		
	Approach	**Gross carrying amount at default**	**ECL**	**Net carrying amount**	Gross carrying amount at default	ECL	Net carrying amount
Accounts receivable	**General**	**551,976**	**(12,119)**	**539,857**	339,604	(5,260)	334,344
Bank balances	**General**	**1,312,558**	**-**	**1,312,558**	2,986,486	-	2,986,486
		1,864,534	**(12,119)**	**1,852,415**	3,326,090	(5,260)	3,320,830

The net decrease in the loss allowance during the year is mainly attributed to the decrease in gross exposures at default. The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The Group does not have any other significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It is not the practice of the Group to obtain collateral against receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financials assets. To manage this risk, the Group periodically assesses the financial viability of customers and invests in short term investments including deposits that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

All the financial liabilities of the Group are payable within one year from the consolidated statement of financial position date.

Market risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and equity price risk.

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is not significantly exposed to profit rate risk as a result of mismatches of profit rate re-pricing of assets and liabilities since it does not hold significant floating rate Islamic financial assets and Islamic financial liabilities that could have a material impact on the Group's profit.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.
The Group monitors the positions on an ongoing basis to ensure positions are maintained within established limits and performs a continuous assessment of the Group's open positions and current and expected exchange rate movements.

The effect on profit (due to change in the fair value of monetary assets and liabilities), with all other variables held constant is shown below as at 31 December:

		Kuwaiti Dinars	
	Change percentage	**Effect on profit**	
Currency	(+/-)	**2023**	2022
USD	3%	**143,158**	215,165
GBP	3%	**25,118**	6,892
Euro	3%	**8,140**	-

Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. Equity price risk is managed by the Group through diversification of investments in terms of geographical distribution and industry concentration.

The Group has unquoted equity securities in fair value through other comprehensive income category where the impact of changes in equity prices will only be reflected in the consolidated statement of other comprehensive income when the financial asset is sold or deemed to be impaired. The Group is not exposed to any other equity price risk.

Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The Group is not significantly exposed to prepayment risk.

13. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets.

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation techniques and Key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
	31 December 2023	31 December 2022				
Investment securities at fair value through other comprehensive income	**1,680,990**	1,860,687	Level 3	NAV Basis	Net Assets Value	The higher the NAV, the higher the fair value
Investment properties	**-**	50,000	Level 3	Market comparison approach	Price per sqm	N/A
	1,680,990	1,910,687				

The following table shows a reconciliation of the opening and closing amount of Level 3 assets which are recorded at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

	Kuwaiti Dinars				
	1 January	**Gain/(loss) recorded in the consolidated statement of income**	**Gain/(loss) recorded in comprehensive income**	**Net purchase, sales and settlements**	**31 December**
Level 3					
2023	**1,910,687**	**-**	**(179,697)**	**(50,000)**	**1,680,990**
2022	5,228,756	(355,709)	(39,897)	(2,922,463)	1,910,687

14. Capital risk 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 maximize 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 adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or borrow from Islamic financial institutions.

No changes were made in the objectives, policies or processes during the year ended 31 December 2023 and 31 December 2022. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt. The Group has no external borrowings.

GATEHOUSE
CAPITAL

AUDIT COMMITTEE REPORT
2023

Gatehouse Capital – Economic and Financial Consultancy K.S.C (Closed) and Subsidiaries, Kuwait

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 December 2023

AUDIT COMMITTEE REPORT "EVALUATION OF INTERNAL CONTROL SYSTEMS"

31 December 2023

1. Introduction

Gatehouse Company (the "Company") carries out its business in accordance with the Law of Companies No. 1 of 2016, its amendments and Executive Regulations, and is regulated by the Capital Markets Authority ("CMA") in accordance with the Order No. 72 of 2015 promulgating the Executive Regulations of the Law No. 7 of 2010 regarding Establishment of the Capital Markets Authority and Regulation of Securities Activity, as amended.

1.1 Objectives

The Company's objectives are as follows:

1. Organizing specialized conferences, forums and workshops,
2. Owning movables and immovable properties required for carrying out its business within the limit permitted by law,
3. Utilizing financial surpluses available to the Parent Company for investment in financial portfolios managed by competent companies and authorities,
4. Acting as Investment Consultant, subject to CMA approval, and
5. Acting as Subscription Agent.

1.2 Organization

The Company's Board of Directors have all powers and authorities that enable it to manage the Company. The Board of Directors delegated some authorities to the Company's Executive Management headed by the Chief Executive Officer (CEO) in line with the assigned responsibilities. The Company is organized in two key sectors namely Investment and Operations. The number of employees was 25 as at 31 December 2023.

1.3 Board of Directors

The Board of Directors is involved in developing the Company's long-term strategy and business plans and ratifying the same, approves and ensures efficiency of the internal control systems, whereby the responsibilities of the Board of Directors are not limited to approval of the audit models, policies and procedures but represent a company-wide culture. The Board of directors ensures that the Company complies with the approved strategy and policies and procedures as per the applicable laws and regulations, oversees the higher management, which is responsible of the day-to-day operations, and ensures that all risks are duly managed.

The Board of Directors assumes the ultimate responsibility for the Company's operations and soundness of its financial position, fulfilment of CMA requirements, protection of the rights of shareholders, creditors, investors, customers, employees and stakeholders, and ensures that the Company is managed in accordance in a prudent manner in line with the applicable laws, regulations, policies and procedures.

In 2023, the Board of Directors held 10 meetings. The Board of Directors comprised of 5 members including the Chairman as at 31 December 2021, namely:

Name	Position	Membership
Yousef Ibrahim Al-Ghanim	Chairman	Non-executive
Madi Talal Al-Khamis	Vice Chairman	Non-executive
Mohamad Tawfik Al-Tahawy	Board Member	Non-executive
Bader Aali Tifouni	Board Member	Independent
Khaled Abdullateef Al-Baijan	Board Member	Executive

AUDIT COMMITTEE REPORT "EVALUATION OF INTERNAL CONTROL SYSTEMS"

31 December 2023

1.4 Executive Management

The Board of Directors entrusted the Company's CEO, Mr. Khaled Abdullateef Al-Baijan, with all day-to-day operations and administration of the Company. The key responsibilities of the CEO include:

- Co-developing the strategic and financial plans with the Board of Directors, and implementation and monitoring of the same.
- Promoting the culture of transparency, honesty, teamwork and social responsibility.
- Ensuring the development, implementation and continuous oversight over the Company's risks and internal control frameworks/systems.
- Providing the Board of Directors with the timely and accurate information for effective decision-making.
- pdating the Board of Directors with all matters and issues that affect the Company.
- Managing the Company in line with the corporate policies, budget and business plan and the strategy approved by the Board of Directors, and making the appropriate decisions as per the Delegation of Authority Matrix.
- Appointing external competent Authority to do an external audit function to ensure that the best auditing methods adopted by the competent authorities are followed.

2. Standards of Inspection

We conducted our inspection as per the standards in the "Internal Audit – Integrated Framework" Book issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As per the said Framework, the internal control is "a process, effected by an entity's Board of Directors, management and other personnel, designed to provide reasonable assurance of the achievement of objectives related to Operations, Reporting and Compliance".

2.1 Categories of Objectives

The Framework provides three categories of objectives, which allow organizations to focus on differing aspects of internal control:

- **Operations Objectives** -These pertain to effectiveness and efficiency of the entity's operations, including operational and financial performance goals, and safeguarding assets against loss.
- **Reporting Objectives** -These pertain to internal and external financial and non-financial reporting and may encompass reliability, timeliness, transparency, or other terms as set forth by regulators, recognized standard setters, or the entity's policies.
- **Compliance Objectives** -These pertain to adherence to laws and regulations to which the entity is subject.

2.2 Internal Control Components and Principles

The Board of Directors approved the policies and procedures of the internal control systems that cover all the Company's activities and define the Company's supervisory strategy and the duties and responsibilities of the employees. The BoD Audit Committee follows up on implementation of these policies and procedures. The Audit Committee held regular meeting to manage and measure the effectiveness of the internal control systems, and discussed the observations raised to it by the Company's departments to ensure the dual control.

In addition, the Committee discussed the reports relating to the various departments and the observations raised by the internal auditor and the responses thereof to identify the risks and their significance and avoid such risks. The Committee also ensures that the control functions are properly carried out and the needed human resources and controls are available to maintain effective internal control.

The Committee reviews the proposed plan of internal audit in order to ensure the frequency of its meetings in line with a preset schedule.

AUDIT COMMITTEE REPORT "EVALUATION OF INTERNAL CONTROL SYSTEMS"

31 December 2023

In accordance with the CMA instructions, the Committee has taken the necessary actions to implement the newly promulgated instructions including update of the existing audit procedures, keeping meetings' minutes, resolutions and agenda. The Company engaged an external independent auditor to express an opinion and produce its Internal Control Systems Review Report for the year ending 2023.

The Board of Directors and the Executive Management provide written undertakings of the integrity of the annual financial statements and the financial reports relating the Company's activities, and that the financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs).

The Audit Committee believes that the its follow-up and supervision as well as its review of the auditors' reports, control systems and the internal controls indicate that the Company maintain proper control environment that assist the Company achieve its objectives, and that the Company is keen to fully comply with the laws and regulations issued by the regulators.

The Audit Committee reviews and oversees the external auditors' reports regarding the Company's quarterly and annual financial statements before presenting the same to the Board of Directors. The Audit Committee meets, whenever appropriate, to ensure the integrity of the Company's financial statements, and independence and integrity of the external auditors whose opinion remains independent and is included in the Company's annual report.

The COSO Internal Control Framework includes five integrated components and seventeen principles, as follows:

1. Control Environment:

The control environment is the set of standards, processes and structures that provide the basis for carrying out internal control across the organization. The Board of Directors and senior management establish the tone at the top regarding the importance of internal control including expected standards of conduct.

The following are the five principles that relate to the internal control:

1. The organization demonstrates a commitment to integrity and ethical values.
2. The Board of Directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

2. Risk Assessment:

Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risk assessment forms the basis for determining how risks will be managed. Risk assessment requires management to consider the impact of possible changes in the external environment and within its own business model that may render internal control ineffective.

There are four principles that relate to Risk Assessment. These are:

1. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
2. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
3. The organization considers the potential for fraud in assessing risks to the achievement of objectives.
4. The organization identifies and assesses changes that could significantly impact the system of internal control.

AUDIT COMMITTEE REPORT "EVALUATION OF INTERNAL CONTROL SYSTEMS"

31 December 2023

3. Control Activities:

Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment.

There are three principles that relate to Control Activities. These are:

1. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
2. The organization selects and develops general control activities over technology to support the achievement of objectives.
3. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

4. Information and Communication:

Information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives. Management obtains or generates and uses relevant and quality information from both internal and external sources to support the functioning of other components of internal control. Communications enables personnel to receive a clear message from senior management that control responsibilities must be taken seriously.

There are three principles that relate to Information and Communication. These are:

1. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.
2. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
3. The organization communicates with external parties regarding matters affecting the functioning of internal control.

5. Monitoring Activities:

Ongoing evaluations or separate evaluations, or both are used to ascertain whether each of the five components of internal control, including the principles within each component, is present and functioning. Findings are evaluated and deficiencies are communicated to management and the Board of Directors as appropriate.

There are two principles that relate to Monitoring Activities. These are:

1. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
2. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board of Directors, as appropriate.

2.3 Limitations in Internal Control

The Framework recognizes that while internal control provides reasonable assurance of achieving the entity's objectives, limitations do exist. Even an effective system of internal control can experience a failure. Limitations may result from:

- Suitability of objectives established as a precondition to internal control.
- Reality that human judgment in decision making can be faulty and subject to bias.
- Breakdowns that can occur because of human failures such as simple errors.
- Ability of management to override internal control.
- Ability of management, other personnel, and/or third parties to circumvent controls through collusion.
- External events beyond the organization's control.

These limitations preclude the board and management from having absolute assurance of the achievement of the entity's objectives - that is, internal control provides reasonable but not absolute assurance.

AUDIT COMMITTEE REPORT "EVALUATION OF INTERNAL CONTROL SYSTEMS"

31 December 2023

6. Findings

Based on the evaluation conducted by the Audit Committee for the internal control systems during the year, the Committee did not observe any exception that may significantly affect achievement of the Company's objectives. The internal control systems are functioning in efficient and effective manner. We would like to underline that the internal control systems do not ensure identification of all violations and in compliance, and should be considered as an aid for better management and not alternatives of the responsibilities entrusted to the management for oversight and evaluation.

Due to limitations in any internal control system, errors and violations may occur and may go undetected. All precautions must be taken when implementing the findings of the current evaluation in the future, as there is a risk that the procedures would be inadequate due to the changing conditions or because the degree of compliance with the applied procedures would deteriorate.

Mohamad T. Al Tahawy	**Madi Talal Al-Khamis**	**Bader Ali Tifouni**
Committee Member	Committee Member	Committee Member

Gatehouse Capital KSCC

Sharq - Khaled Bin Waleed Street
Dhow Tower
Floor 15 Kuwait City
State of Kuwait

Email : info@gc.com.kw
www.gc.com.kw