BAHRAIN DUTY FREE SHOP COMPLEX BSC

FINANCIAL STATEMENTS

31 DECEMBER 2023

BAHRAIN DUTY FREE SHOP COMPLEX BSC

FINANCIAL STATEMENTS
for the year ended 31 December 2023

CONTENTS **Page**

GENERAL INFORMATION

Bahrain Duty Free Shop Complex BSC, a joint stock company governed by Commercial Company Law, was registered under commercial registration number 23509 on 15 July 1990.

SHARE CAPITAL	
Authorised	: BD 14,227,194 (2022: BD 14,227,194) divided into 142,271,938 shares (2022: BD 142,271,938 shares) of 100 fils each
Issued and fully paid-up	: BD 14,227,194 (2022: BD 14,227,194)
BOARD OF DIRECTORS	: Farouk Yousuf Almoayyed (Chairman) : Abdulla Buhindi (Vice Chairman) : Jalal Mohamed Jalal : Jassim Mohammed Al Shaikh : Shaikh Mohamed bin Ali bin Mohamed Al Khalifa : Jawad Al Hawaj : Mohammed Al Zain : Mohammed Al Khan : Ghassan Al Sabbagh : Jehad Amin : Abdulrahman Jamsheer
INVESTMENT COMMITTEE	: Farouk Yousuf Almoayyed : Abdulla Buhindi : Mohammed Al Zain : Jehad Amin
AUDIT COMMITTEE	: Mohammed Al Khan : Abdulrahman Jamsheer : Ghassan Al Sabbagh
NOMINATION, REMUNERATION & CORPORATE GOVERNANCE COMMITTEE	: Farouk Yousuf Almoayyed : Abdulla Buhindi : Shaikh Mohamed bin Ali bin Mohamed Al Khalifa
MANAGEMENT	: Dominic Carroll General Manager
BOARD SECRETARY	: Sadeq Ismaeel
OFFICES	: Falcon Tower, Building No 60, Road 1701, Diplomatic Area, Manama Telephone 17 229290
AUDITOR	: KPMG Fakhro
BANKERS	: Bank of Bahrain and Kuwait National Bank of Bahrain Al Salam Bank
REGISTRAR	: Bahrain Clear
CUSTODIAN	: SICO P.O. Box 1331, Manama, Kingdom of Bahrain

CHAIRMANS REPORT

On behalf of the board of directors of Bahrain Duty Free Shop Complex, I am pleased to present the annual report and financial statements of the Company for the year ended 31st December 2023. It gives me great pleasure to announce that we have achieved remarkable success in the past year with a significant increase in profits. I am delighted to report that Bahrain Duty Free Shop has recorded a net income of BHD 4.3m representing a growth of 16.2% over prior year.

This impressive financial performance is due to the hard work of our team who consistently demonstrate their commitment to excellence. Throughout the year, we have continued to strengthen our position in the market through various initiatives. 2023 has been another challenging year with inflation and interest rate pressures. However, despite this, the Company has managed it's investments well and with business confidence improving, the outlook is positive.

Operating Results

For the full year 2023, the Company reported total income before expenses of BHD5.1m representing an increase of 14.6% over last year. The main highlights of this performance are:

- Share of profits from the Joint Venture (Bahrain Duty Free Company WLL) which recorded a figure of BHD3.5m up by 31.5% compared to prior year.
- Income from Investment Securities was BHD1.4m representing a decline of 13.2%. This reduction is due to a one-off dividend received in 2022 of BHD776k from an unquoted equity investment.
- Other income of BHD165k rose by 87k mainly due to additional bank interest earned on higher deposit rates in 2023.

Despite the overall success in our operating results, we experienced challenges posed by adverse market conditions that impacted our property portfolio. This resulted in the company taking an impairment provision of BHD279k in 2023. Our operating costs in the year totalled BHD579k showing a 1% increase on the previous year. Overall, our net income generated a figure of BHD4.3m in 2023. This represents an increase of 16.2% compared to last year and resulted in an increase in our basic and diluted earnings per share figure which rose to 30 fils per share, a growth on last year's figure of 15.4%.

Financial Position

The company's financial position stands at BHD44.7m indicating the overall health of the company. However, compared to the previous year, the financial position has experienced a decline of 4.1 per cent. This is due to various factors including a fall in value of our equity securities which fell by BHD1.7m during the year and Unquoted Equity holdings which declined by BHD729k. Our Equity Accounted held investment rose by BHD1.1m, the property portfolio rose by 0.7% and earned profits in the year of BHD4.3m helped to strengthen the Balance Sheet. Despite these fluctuations, the company's Balance sheet remains in a strong position and well equipped to navigate any challenges that may arise in the future.

Proposed Appropriations

Based on the financial results, the Board of Directors have recommended for the approval of the Shareholders at the upcoming Annual General Meeting, a full year cash dividend of 30 fils per share.

Board of Directors and Management Remuneration.

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

CHAIRMANS REPORT

	Fixed Remuneration					Variable Remuneration					Other		
Name	Board Remuneration	Sitting Fees for attending Board and Committee Meetings	Salaries	Other	Total	Remuneration Chairman and BOD	Bonus	Incentive Plans	Other	Total	End of Service Awards	Other	Expense Allowance
Independent Directors / Non-Executive													
Ghassan Ebrahim Al Sabbagh	5,000	11,600	-		16,600							-	-
Shaikh Mohammed Bin Ali Bin Mohammed Al Khalifa	5,000	10,000	-		15,000							-	-
Jassim Mohammed Al Shaikh	5,000	10,000	-		15,000							-	-
Mohamed Nabeel Abdulla Hasan Alzain	5,000	11,600			16,600							-	-
Non-Executive Directors													
Farouk Yousuf Almoayyed	10,000	22,000	-		32,000							-	-
Abdulla Hassan Buhindi	10,000	22,000	-		32,000							-	-
Mohammed A. Rahman Al Khan	5,000	11,600	-		16,600							-	-
Jehad Yousif Amin	5,000	11,600	-		16,600							-	-
Abdul Rahman Mohammed Saif Jamsheer	5,000	11,600	-		16,600							-	-
Jalal Mohammed Jalal	5,000	10,000	-		15,000							-	-
Jawad Yousif Al Hawaj	5,000	10,000	-		15,000							-	-
Total	65,000	142,000			207,000	-	-	-	-	-		-	-

Notes:

1. All amounts in Bahraini Dinar.

2. Board Remuneration represents the proposed payments for approval at this years Annual General Meeting to be held on March 20 2024.

Executive Management	Total paid salaries and allowanc	Total paid remuneration Bonus	Any Other cash/in kind remuneration	Total
Remuneration for executives including General Manager	105,572	24,400	-	129,972

Notes: 1. All amounts are expressed in Bahraini Dinar.

2. Senior Executive Management is less than 6 persons.

Acknowledgements

On behalf of my colleagues on the Board, may I extend my sincere gratitude and appreciation to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Prime Minister & Deputy Supreme Commander for their continuing support.

To our Shareholders, I thank you for the continued confidence placed in the Board. We are committed to maximising shareholder value and will continue to strive for sustainable growth and profitability.

In conclusion, I would like to extend my appreciation and gratitude to the staff and management of Bahrain Duty Free for their loyalty and support. I also extend my thanks to our esteemed partners and stakeholders for their continued collaboration and loyalty. Together we have built a strong foundation for success and I am confident that we will continue to achieve new milestones in the years ahead.

Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Vice Chairman

20 February 2024

KPMG Fakhro
Audit
12th Floor, Fakhro Tower,
P.O. Box 710, Manama,
Kingdom of Bahrain

Telephone +973 17224807
Telefax +973 17227443
Website: www.kpmg.com/bh
CR No. 6220 - 2

Independent auditors' report

To the Shareholders of

Bahrain Duty Free Shop Complex BSC
Manama, Kingdom of Bahrain

Opinion

We have audited the financial statements of Bahrain Duty Free Shop Complex BSC (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of unquoted equity investments

Refer Note 3 (d) (iv), and Note 20(e) to the financial statements

The key audit matter	How the matter was addressed in our audit
▪ The Company's portfolio of unquoted equity securities make up 11% of the Company's total assets (by value); and ▪ The valuation of these investments involve the use of valuation techniques. The application of valuation techniques often involve the exercise of judgment by the Company and the use of assumptions and estimates	▪ evaluated the appropriateness of the valuation techniques used by the independent external valuer appointed by the Company; ▪ evaluated the reasonableness of key inputs and assumptions used in the valuations, such as earnings multiples, discount factors by using our knowledge of the industries in which the investees operate and industry norms; ▪ compared the key underlying financial data inputs to external sources, investee company financials and management information as applicable; and ▪ evaluated the adequacy of the Company's disclosures relating to valuation of unquoted equity securities by reference to the requirements of the relevant accounting standards.

KPMG

Independent auditors' report
Bahrain Duty Free Shop Complex BSC (continued)

Impairment of investment properties	
Refer Note 3 (h), and Note 4 to the financial statements	
The key audit matter	**How the matter was addressed in our audit**
▪ The Company's Investment properties make up 21% of the Company's total assets (by value); and ▪ We focused on this area due to the uncertainty prevalent in the property market and the subjective nature of property impairment assessment.	With the assistance of our valuation specialists, we: ▪ evaluated the appropriateness of the valuation methodologies used by the independent property valuer appointed by the Company by comparing with observed industry practice; ▪ assessed consistency of valuation methodology used with prior year; ▪ evaluated the reasonableness of key inputs and assumptions used; ▪ assessed the qualification and experience of the independent property valuer; and ▪ evaluated the adequacy of the Company's disclosures relating to impairment assessment of investment properties by reference to the requirements of the relevant accounting standards.

Other Information

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Chairman's report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors for the Financial Statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

KPMG

Independent auditors' report
Bahrain Duty Free Shop Complex BSC (continued)

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

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Regulatory Requirements

1) As required by the Commercial Companies Law 2001 (as amended), we report that:
   a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
   b) the financial information contained in the chairman's report is consistent with the financial statements;
   c) we are not aware of any violations during the year of the Commercial Companies Law 2001 (as amended) or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
   d) satisfactory explanations and information have been provided to us by management in response to all our requests.

2) As required by the Ministry of Industry and Commerce in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
   a) a corporate governance officer; and
   b) Board approved written guidance and procedures for corporate governance.

The engagement partner on the audit resulting in this independent auditors' report is Harish Gopinath.

KPMG

KPMG Fakhro
Partner Registration Number 136
20 February 2024

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

(Bahraini dinars '000s)

	note	**31 December 2023**	31 December 2022
ASSETS			
Investment properties	4	9,367	9,299
Equity-accounted investees	5	8,516	7,393
Investment securities	6	25,613	28,072
Total non-current assets		**43,496**	44,764
Cash and cash equivalents	7	1,122	1,555
Other receivables	8	115	312
Total current assets		**1,237**	1,867
Total assets		**44,733**	46,631
EQUITY AND LIABILITIES			
Equity			
Share capital	9	14,227	14,227
Share premium		1,953	1,953
Statutory reserve		7,114	7,114
Charity reserve		608	649
Fair value reserve		4,852	5,354
Retained earnings		15,662	17,039
Total equity		**44,416**	46,336
Liabilities			
Employees' benefits	10	12	10
Other payables	11	305	285
Total current liabilities		**317**	295
Total equity and liabilities		**44,733**	46,631

The financial statements were approved by the Board of Directors on 20 February 2024 and signed on its behalf by:

Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Vice Chiarman

The accompanying notes 1 to 21 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2023

(Bahraini dinars '000s)

	note	**2023**	2022
Income from investment securities, net	12	1,357	1,563
Income from investment properties, net		124	188
Share of profit of equity-accounted investees	5	3,499	2,660
Other income, net	13	165	78
Total income		**5,145**	4,489
Administrative expenses	14	(579)	(573)
Impairment loss, net	15	(279)	(227)
Total expenses		**(858)**	(800)
Profit for the year		**4,287**	3,689
Basic and diluted earnings per share (in fils)	18	**30**	26

Farouk Yousuf Almoayyed
Chairman

Abdulla Buhindi
Vice Chiarman

The accompanying notes 1 to 21 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

(Bahraini dinars '000s)

	2023	2022
Profit for the year	**4,287**	3,689
Other comprehensive income for the year:		
Items that will not be reclassified to profit and loss:		
Net change in fair value of investment in equity securities at FVOCI	(1,898)	(547)
Total other comprehensive income	**(1,898)**	(547)
Total comprehensive income for the year	**2,389**	3,142

The accompanying notes 1 to 21 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

(Bahraini dinars '000s)

2023	**Share capital**	**Share Premium**	**Statutory reserve**	**Charity reserve**	**Fair value reserve**	**Retained earnings**	**Total equity**
At 1 January 2023	14,227	1,953	7,114	649	5,354	17,039	46,336
Comprehensive income for the year:							
Profit for the year	-	-	-	-	-	4,287	4,287
Other comprehensive income							
Items that will not be reclassified to profit or loss:							
Net change in fair value of investment in equity securities at FVOCI	-	-	-	-	(1,898)	-	(1,898)
Investment in equity securities at FVTOCI write off	-	-	-	-	1,750	(1,750)	-
Transferred to retained earnings on sale of investment in equity securities at FVOCI	-	-	-	-	(354)	354	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**(502)**	**(1,396)**	**(1,898)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(502)**	**2,891**	**2,389**
Dividend declared for 2022	-	-	-	-	-	(4,268)	(4,268)
Charity utilised during 2023	-	-	-	(41)	-	-	(41)
At 31 December 2023	**14,227**	**1,953**	**7,114**	**608**	**4,852**	**15,662**	**44,416**

The accompanying notes 1 to 21 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023 *(continued)* *(Bahraini dinars '000s)*

2022	Share capital	Share Premium	Statutory reserve	Charity reserve	Fair value reserve	Retained earnings	Total
At 1 January 2022	14,227	1,953	7,114	659	6,262	17,257	47,472
Comprehensive income for the year:							
Profit for the year	-	-	-	-	-	3,689	3,689
Other comprehensive income							
Items that will not be reclassified to profit or loss:							
Net change in fair value of investment in equity securities at FVOCI	-	-	-	-	(547)	-	(547)
Transferred to retained earnings on sale of investment in equity securities at FVOCI	-	-	-	-	(361)	361	-
Total other comprehensive income	-	-	-	-	(908)	361	(547)
Total comprehensive income for the year	-	-	-	-	(908)	4,050	3,142
Dividend declared for 2021	-	-	-	-	-	(4,268)	(4,268)
Charity contributions approved for 2022	-	-	-	(10)	-	-	(10)
At 31 December 2022	14,227	1,953	7,114	649	5,354	17,039	46,336

The accompanying notes 1 to 21 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023 *(Bahraini dinars '000s)*

	note	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from customers		-	-
Other receipts		191	140
		191	140
Payments for other operating expenses		(496)	(512)
Directors' remuneration paid		(65)	(65)
Taxes paid		-	(12)
Payment to charities		(41)	-
		(602)	(589)
Net cash used in operating activities		**(411)**	(449)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		206	105
Dividend income received		902	1,710
Rental income received from investment property, net		286	276
Dividends received from associate		2,376	1,424
Proceeds from redemption/partial redemption of debt securities		2	131
Proceeds from sale of investment in equity securities at FVOCI		778	712
Proceed received from investment in equity securities at FVOCI		37	294
Income received from investments at FVTPL		32	61
Acquisition of investment in equity securities at FVOCI		(257)	-
Acquisition of investment property		(116)	-
Acquisition of debt instruments at amortised cost		-	(500)
Acquisition of quoted equity		-	(38)
Net cash from investing activities		**4,246**	4,175
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(4,268)	(4,268)
Net cash used in financing activities		**(4,268)**	(4,268)
Net decrease in cash and cash equivalents during the year		**(433)**	(542)
Cash and cash equivalents at 1 January		1,555	2,097
Cash and cash equivalents at 31 December	7	**1,122**	1,555

The accompanying notes 1 to 21 are an integral part of these financial statements.

1 REPORTING ENTITY

Bahrain Duty Free Shop Complex BSC ("BDFS" or the "Company") is a Bahrain Joint Stock Company registered under commercial registration number 23509 on 15 July 1990 and listed on the Bahrain Bourse. The Company's duty-free operations under the current concession agreement were terminated on closure of the old Bahrain International Airport and opening of new airport on 28 January 2021.The Company manages an investment portfolio within Kingdom of Bahrain and other regions.

Bahrain Duty Free Co WLL ("BDFC"), a Bahraini incorporated company, 55% owned by the Company and 45% owned by Gulf Air Group Holding BSC (c), a company incorporated in Kingdom of Bahrain owned by the Government of Bahrain, won the new concession from the Government of Bahrain to operate the duty-free business in the new Bahrain international airport and commenced its operations on 28 January 2021. BDFC operates as a joint venture by virtue of a shareholders' agreement whereby both parties agreed to have joint control.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards) and in conformity with Commercial Companies Law.

b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for investments at fair value though other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL), which are stated at fair value.

c) Functional and presentation currency

These financial statements are presented in Bahraini Dinar, which is also the Company's functional currency. Unless otherwise stated, all financial information presented has been rounded off to the nearest Dinar.

d) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS accounting standards requires management to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. The estimates and underlying assumptions are reviewed on an ongoing basis based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period or in the period of the revision and any future period, if the revision affects both current and future periods.

(i) Classification of financial assets
In the process of applying the Company's accounting policies, management decides on acquisition of an investment whether it should be classified as investments carried at fair value through profit or loss or investments carried at fair value through other comprehensive income or investments carried at amortized cost. The classification of each investment reflects Company's business model in relation to each investment and is subject to different accounting treatments based on such classification.

(ii) Impairment of financial assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Debt securities and other financial assets measured at amortized cost are assessed for impairment using the expected credit loss model.

2 BASIS OF PREPARATION (continued)

(iii) Valuation of unquoted equity securities
Fair value measurement techniques are used to value unquoted equity investments. Detailed discussions of the fair value measurement techniques are included in note 3d (iv) and note 20 (e).

(iv) Useful life and residual value of investment properties
The Company reviews the useful life and residual value of the investment properties at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

(v) Impairment of investment property
The Company conducts impairment assessment of investment property on an annual basis using external independent property valuers to value the property. The fair value is determined based on the market value of the property by using sales comparison approach and/or income capitalization method considering its current physical condition (refer notes 3 (h) and note 4).

e) New standards, amendments and interpretations effective from 1 January 2023

The following new and amendments standards are not expected to have a significant impact on the Company's financial statements:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

f) New standards, amendments and interpretations issued but not yet effective.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements.

The following new standards, amendments and interpretations to standards that are relevant to the Company are not expected to have a significant impact on Company's financial statements.

- Classification of liabilities as current or non-current (Amendments to IAS 1).

3 MATERIAL ACCOUNTING POLICIES

The material accounting polices applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

a) Equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in associate and joint venture. Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associate and joint venture are accounted for using equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

3 MATERIAL ACCOUNTING POLICIES (continued)

When the Company's share of losses exceeds its interest in an equity-accounted investee, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investee. Dividend received from the equity-accounted investee is recognised as a reduction in the carrying amount of the investment.

b) Foreign currency translation

The transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currency at exchange rate prevailing at that date. The foreign currency gain or loss on monetary items is the difference between cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the translation of equity investments designated as at FVOCI which are recognised in other comprehensive income.

c) Investment property

Investment properties are those which are held by the Company to earn rental income or for capital appreciation or both. Investment properties are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on cost by the straight-line method at annual rates which are intended to write off the cost of the investment property over their estimated useful lives of 20-40 years. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from the disposal and the carrying amount of the property) is recognized in profit or loss in the period in which it arises. Land is not depreciated.

Rental income from investment property is recognized on a straight-line basis over the term of the lease.

d) Financial instruments

(i) Recognition and initial measurement
All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement
Financial instruments
On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI; or FVTPL.
The Company classifies its financial liabilities at amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 MATERIAL ACCOUNTING POLICIES (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company 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.

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets – Subsequent measurement and gains and losses:
The following accounting policies apply to the subsequent measurement of financial assets;

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

(iii) Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and financials liabilities are offset and the net amount presented in the statement of the financial position when, and only when, the Company has the legal right to offset the amounts and intends either to settle them on a net basis or to realise the assets and settle the liability simultaneously.

(iv) 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include disclosed discounted cash flows, price earning multiples and recent transaction. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

3 MATERIAL ACCOUNTING POLICIES (continued)

(vi) Impairment of financial assets
Bank balances - (General approach)
Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company assumes that the credit risk on bank balances has been increased significantly if it is more than 30 days past due.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the customer will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

e) Employees benefits

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided.

End of Service benefits
Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company’s contribution to this scheme, which represents a defined contribution scheme is expensed as incurred.

Expatriate employees are entitled to leaving indemnities payable as per contractual agreements and Bahrain Labour Law for the Private Sector - Law no. (36) of 2012, based on length of service and final remuneration. Provision for this unfunded commitment which represents a defined contribution scheme has been made by calculating the notional liability had all employees left at the reporting date. The charge for the year is recognised as an expense in the profit or loss.

f) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

3 MATERIAL ACCOUNTING POLICIES (continued)

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balances held with banks and bank deposits with original maturities of three months or less from the date of acquisition that are subject to insignificant risk of changes in their fair value, and are used by the company in the management of its short term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

h) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognised in the profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) Statutory reserve

In accordance with Commercial Companies Law, the Company is required to appropriate 10 percent of the net profit to a statutory reserve, which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50% of the share capital.

j) Dividends

Dividends are recognised as a liability in the period in which they are declared.

k) Finance and dividends income

Interest income on bank deposits is recognised on effective interest rate basis. Dividend income is recognised when the right to receive the dividend is established.

for the year ended 31 December 2023 (Bahraini dinars '000s)

4 INVESTMENT PROPERTIES

	Land	**Building**	**2023 Total**
Cost			
At 1 January	6,235	6,616	12,851
Additions during the year	495	-	495
At 31 December	**6,730**	**6,616**	**13,346**
Depreciation and impairment			
At 1 January	1,090	2,462	3,552
Depreciation for the year	-	148	148
Impairment loss during the year	-	279	279
At 31 December	**1,090**	**2,889**	**3,979**
Net carrying value	**5,640**	**3,727**	**9,367**

	Land	Building	2022 Total
Cost			
At 1 January and at 31 December	6,235	6,616	12,851
Depreciation and impairment			
At 1 January	1,090	1,965	3,055
Depreciation for the year	-	158	158
Impairment loss during the year	-	339	339
At 31 December	1,090	2,462	3,552
Net carrying value	5,145	4,154	9,299

Investment properties comprises freehold plots of vacant land, office property, commercial shops and residential property leased to third parties.

The fair value of investment property as disclosed in note 20 (e)(ii), was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the Company's investment property once a year. The valuation technique used and the fair value hierarchy is as below:

Property	**Valuation technique**	**Fair value hierarchy**
Freehold plots of vacant land	Sales comparison	Level 2

Property	**Valuation technique**	**Inputs**	**Fair value hierarchy**
Office building	Income capitalisation	Cashflows, Cap rate	Level 3
Residential apartments	Income capitalisation	Cashflows, Cap rate	Level 3
Commercial shops	Income capitalisation	Cashflows, Cap rate	Level 3

for the year ended 31 December 2023 (Bahraini dinars '000s)

5 EQUITY-ACCOUNTED INVESTEES

	2023			2022		
	BDFC	**BIADCO**	**Total**	BDFC	BIADCO	Total
Opening balance at 1 January	7,209	184	7,393	5,993	121	6,114
Other adjustments	-	-	-	-	43	43
Share of profits for the year	3,479	20	3,499	2,640	20	2,660
Dividends received	(2,376)	-	(2,376)	(1,424)	-	(1,424)
Closing balance at 31 December	**8,312**	**204**	**8,516**	7,209	184	7,393

Set out below is the associate and joint venture of the Company as at 31 December 2023 which, in the opinion of the directors, are material to the Company. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	**Place of business/ country of incorporation**	**% of ownership interest**		**Nature of relationship**
		2023	**2022**	
Bahrain Duty Free Company WLL	Kingdom of Bahrain	55%	55%	Joint Venture (1)
Bahrain International Airport Development Company	Kingdom of Bahrain	25%	25%	Associate (2)

(1) Bahrain Duty Free Company WLL is a duty free retailer which operates in the new terminal of Bahrain International Airport.

(2) Bahrain International Airport Development Company is a warehouse facility service provider which provides bonded and non-bonded warehouse facilities.

Summarised financial information for associate and joint venture
The tables below provide summarised financial information for the joint venture and associate. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and joint venture and not the Company's share of those amounts.

	BDFC		BIADCO	
Summarised financial information	**2023**	2022	**2023**	2022
Current assets	16,972	14,321	-	28
Non-current assets	6,227	6,243	777	663
Total liabilities	(8,087)	(7,457)	(165)	(160)
Net assets	**15,112**	13,107	**612**	531
Reconciliation to carrying amounts:				
Opening net assets 1 January	13,107	10,896	531	281
Other adjustments	-	-	-	173
Profit for the year	6,325	4,800	81	77
Dividends paid	(4,320)	(2,589)	-	-
Closing net assets	**15,112**	13,107	**612**	531
Company's share in %	55%	55%	25%	25%
Company share	8,312	7,209	154	134
Goodwill	-	-	50	50
Carrying amount	**8,312**	7,209	**204**	184

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023 *(Bahraini dinars '000s)*

5 *EQUITY-ACCOUNTED INVESTEES (continued)*

Summarised statement of comprehensive income	BDFC		BIADCO	
	2023	2022	**2023**	2022
Profit from continuing operations	6,325	4,800	20	45
Profit for the year	6,325	4,800	80	78
Dividends from associate and joint venture	(2,376)	(1,424)	-	(151)

6 INVESTEMENT SECURITIES

	2023	2022
Quoted equity securities at FVTOCI	17,903	19,594
Unquoted equity securities at FVTOCI	4,801	5,530
Debt securities at amortised cost (net of ECL)	2,239	2,241
Funds at FVTPL	670	707
	25,613	28,072

7 CASH AND CASH EQUIVALENTS

	2023	2022
Bank deposits	1,006	1,258
Bank balances	116	297
Cash and bank balances as per the statement of financial position	**1,122**	1,555

8 OTHER RECEIVABLES

	2023	2022
Interest receivable	54	84
Rent receivable	41	40
Prepayments	3	39
Dividend receivable	2	49
Related party receivables (note 16)	-	80
Other receivables	15	20
	115	312

for the year ended 31 December 2023 (Bahraini dinars '000s)

9 SHARE CAPITAL

	2023	2022
Authorised share capital / issued and fully paid up **142,271,938** (2022: 142,271,938) share of 100 fils each	**14,227**	14,227

(i) Names and nationalities of the major equity holders and the number of equity shares held:

Name	Nationality	Number of shares '000	Shareholding %
Global Express	Bahraini	12,000	8.4%
Rouben's Stores W.L.L.	Bahraini	9,265	6.5%
Esterad Share Invest I S.P.C	Bahraini	7,577	5.3%
Farooq Yusuf Khalil Almoayyed	Bahraini	6,729	4.7%
Bahrain Maritime & Mercantile Intl. Co.	Bahraini	4,299	3.0%

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

(iii) The following is a distribution schedule of equity shares setting out the number of holders:

Categories*	Number of shares (thousands)	Number of equity holders	% of total issued shares
Less than 1%	35,041	565	24.6%
1% up to less than 5%	78,389	32	56.2%
5% up to less than 10%	28,842	3	20.3%
	142,272	**600**	**101%**

None of these shareholders have more than 10% of the outstanding shares.
*Expressed as a percentage of total issued and fully paid shares of the Company.

(iv) Total number of shares owned by the directors of the Company as at 31 December 2023 was shares **15,722,794** (2022:15,722,794 shares).

10 EMPLOYEE BENEFITS

	2023	2022
At 1 January	10	14
Charge for the year	12	6
Paid during the year	(10)	(10)
At 31 December	**12**	10

for the year ended 31 December 2023 (Bahraini dinars '000s)

11 OTHER PAYABLES

	2023	2022
Payable to associate	156	156
Trade payables	-	10
Related parties payable (note 16)	-	38
Other payables	149	81
	305	285

12 INCOME FROM INVESTMENT SECURITIES, NET

	2023	2022
Dividend income from quoted equity investments at FVTOCI, net	855	751
Gain on Investment	379	-
Interest income on bonds	122	131
Income from funds at FVTPL	32	61
Dividend income from unquoted equity investment at FVTOCI	-	776
Investment administration fees	(31)	(21)
Unrealised loss on investments held at FVTPL	-	(135)
	1,357	1,563

13 OTHER INCOME, NET

	2023	2022
Interest income	54	15
Other income	113	93
Foreign exchange loss, net	(2)	(30)
	165	78

14 ADMINISTRATIVE EXPENSES

	2023	2022
Directors sitting fees	142	140
Salaries and related costs	130	111
Directors remuneration	65	65
Marketing expense	20	-
IT expenses	10	14
Other expenses	212	243
	579	573

for the year ended 31 December 2023 (Bahraini dinars '000s)

15 IMPAIRMENT LOSS, NET

	2023	2022
Impairment on investment property (note 4)	279	339
Impairment reversal on debt securities	-	(112)
	279	227

16 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party, directly or indirectly through one or more intermediaries, has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors, the management company and key management personnel of the Company. Transactions with related parties are at agreed terms.

The significant related party balances and transactions (excluding compensation to key management personnel) included in these financial statements are as follows:

Description	**Equity Accounted investees**	**Shareholders / entities in which directors are interested**	**Total**
As at 31 December 2023			
Liabilities			
Payable to Associate	156	-	**156**
For the year ended 31 December 2023			
Income			
Other income	112	-	**112**
Share of profit	3,499	-	**3,499**
Expenses			
Other expenses	79	10	**89**

Description	Equity Accounted investees	Shareholders / entities in which directors are interested	Total
As at 31 December 2022			
Assets			
Receivables	80	-	80
Liabilities			
Trade payable	36	2	38
Payable to Associate	156	-	156
For the year ended 31 December 2022			
Income			
Other income	92	-	92
Share of profit	2,660	-	2,660
Expenses			
Other expenses	82	12	94

for the year ended 31 December 2023 (Bahraini dinars '000s)

16 RELATED PARTY TRANSACTIONS (continued)

b) Key management compensation

Key management personnel of the Company comprise of the Board of Directors, management company and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	2023	2022
Board remuneration for the year	**65**	65
Board and committee sitting fees	**142**	140
Short term benefits for the year	**126**	105
Post-employment benefits for the year	**12**	6
Post-employment benefits payable	**12**	10

17 APPROPRIATIONS

The Board of Directors have proposed the following appropriations for the year:

	2023	2022
Final cash dividend proposed	**4,268**	4,268

18 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company of **BD 4,287** (2022: BD 3,689) by the weighted number of ordinary shares as at 31 December 2023.finacial statement as below:

	Basic & Diluted	
	2023	2022
Profit for the year	**4,287**	3,689
Weighted average number of shares	**142,272**	142,272
Earnings per share (fils)	**30**	26

19 SEGMENTAL INFORMATION

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The revenue, expenses and results are reviewed only at a Company level and therefore no separate operating segment results and disclosures are provided in these financial statements. The company's operations consists of managing a portfolio of investments in Kingdom of Bahrain and other regions.

for the year ended 31 December 2023 (Bahraini dinars '000s)

20 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established an executive management committee, which assist the Board of Directors in effectively discharging their responsibilities for developing and monitoring the Company's risk management policies.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management procedures and reviews the adequacy of the risk management practices in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

a) Credit risk

Credit risk is the risk that a customer or a counter party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company is exposed to credit risk primarily on its cash and cash equivalents, receivables and investment in debt instruments.

The Company's credit risk on cash and cash equivalents is limited as these are placed with banks in Bahrain having investment grade credit ratings.

The Company manages credit risk on its investments by ensuring that investments are made only after careful credit evaluation. The Company limits its exposure to credit risk by mainly investing in debt instruments promoted by sovereign established banks or financial institutions. The Company has an investment committee comprising of four board members, which is responsible for all investment related decisions. Before investing in any new securities the proposal is first placed with the investment committee for its approval. The Investment committee approves the proposal after considering all merits and demerits of the proposal.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
Bank balances	1,122	1,555
Debt securities	2,239	2,241
Other receivables (excluding prepayments)	112	273
	3,473	4,069

for the year ended 31 December 2023 (Bahraini dinars '000s)

20 FINANCIAL RISK MANAGEMENT (continued)

The maximum exposure to credit risk at the reporting date based on geographical concentration was:

	2023	2022
Bahrain	3,473	4,067
Middle East	-	2
	3,473	4,069

The ageing of receivables at the reporting date was:

	2023		2022	
	Gross	**Impairment**	Gross	Impairment
Current	55	-	113	-
Past due 1-90 days	51	-	116	-
Past due 91-180 days	-	-	44	-
More than 180 days	6	-	-	-
	112	**-**	273	-

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company ensures that a significant amount of the funds are invested in cash and cash equivalents, which are readily available to meet liquidity requirements.

All financial liabilities are non-interest bearing and are payable within six months.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's short-term bank deposits are at fixed interest rates and mature within 180 days or 90 days. The Company is not subject to significant interest rate risk sensitivity.

(ii) Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has exposure to currency risk on its certain investment in foreign currency. The majority of the foreign currency are in US dollars and Euros. The US dollar, United Arab of Emirate Dirhams, Saudi Arabia Riyal are pegged against the Bahraini dinar and therefore the Company is not exposed to any significant risk.

for the year ended 31 December 2023 (Bahraini dinars '000s)

20 FINANCIAL RISK MANAGEMENT (continued)

The Company's net exposure to significant currency risk in the functional currency at the reporting date was:

	2023	2022
GBP	3,257	3,838
EURO	1,723	1,466
KWD	401	458
QAR	393	358
	5,774	6,120

The Company does not perceive that fluctuations in foreign exchange rates will have any significant impact on the income or equity because the exposure to currencies other than US dollar, United Arab of Emirate Dirhams, Saudi Arabia Riyal, Qatari Riyal, which are pegged to Bahraini dinars, is not significant.

A one percent increase in the exchange rates at the reporting date will cause a variation by **BD 58 thousand** (2022: BHD 62 thousand) in the profit or loss and equity. The analysis is performed on the same basis for 2022.

	2023	2022
GBP	33	38
EURO	17	15
KWD	4	5
QAR	4	4
	58	62

(iii) Equity price risk
The Company's quoted equity investments are listed on Bahrain Stock Exchange ("BSE"), Kuwait Stock Exchange ("KSE"), Kingdom of Saudi Stock exchange ("Tadawul"), Qatar Stock exchange (QE) and United Arab Emirates Stock exchange NASDAQ. A one percent increase/decrease in the equity prices at the reporting date will cause a variation of equity by **BD 179 thousand** (2022: BD 196) in the equity. The analysis is performed on the same basis for 2022.

d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Company defines as total shareholders' equity and the level of dividends to shareholders. The Board seeks to maintain a balance between the higher returns and growth that might be possible by a sound capital position. There were no significant changes in the Company's approach to capital management during the year.

e) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

for the year ended 31 December 2023 (Bahraini dinars '000s)

20 FINANCIAL RISK MANAGEMENT (continued)

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(i) Financial instruments measured at fair value

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Quoted equity securities at FVTOCI	8,621	9,282	-	**17,903**
Unquoted equity securities at FVTOCI	-	-	4,801	**4,801**
Funds at FVTPL	-	670	-	**670**

2022	Level 1	Level 2	Level 3	Total
Quoted equity securities at FVTOCI	11,005	8,589	-	19,594
Unquoted equity securities at FVTOCI	-	-	5,530	5,530
Funds at FVTPL	-	707	-	707

The fair value of debt securities at amortised cost with carrying value **BD 2,239 is BD 2,246** (2022: 2,227). Fair value is classified as Level 2. The carrying value of the Company's other financial assets and financial liabilities approximates their fair value due to their short-term nature.

(ii) Assets not measured at fair value where fair value is disclosed

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment property	-	2,785	6,725	**9,510**

2022	Level 1	Level 2	Level 3	Total
Investment property	-	2,290	7,100	9,390

Sensitivity Analysis

Investments at fair value through other comprehensive income include investments in unquoted equity securities. The main principles, estimates and assumptions adopted to arrive at fair value include estimated future cash flows which have been provided by the management of the investee companies, have been reviewed for reasonableness by the Company and the external independent valuer.

for the year ended 31 December 2023 (Bahraini dinars '000s)

20 FINANCIAL RISK MANAGEMENT (continued)

2023

Valuation technique used	**Key unobservable inputs**	**Fair value at 31 December 2023**	**Reasonable possible shift +/- (in any input)**	**Reasonable possible shift +/- (in any input)**
Discounted cash flow	Discount rate	2,581	+/- 0.5%	+36 -35
Adjusted Net Assets Value	NAV	1,953	+/- 5%	+89 -97
Market multiples	P/E Multiple	266	+/- 5%	+13 -13

2022

Valuation technique used	Key unobservable inputs	Fair value at 31 December 2022	Reasonable possible shift +/- (in any input)	Reasonable possible shift +/- (in any input)
Discounted cash flow	Discount rate	3,123	+/- 0.5%	+39 -39
Adjusted Net Assets Value	NAV	1,466	+/- 5%	+73-73
Market multiples	P/E Multiple	941	+/- 5%	+47 -47

f) Categorization of financial instruments

The classification of financial assets and liabilities by accounting categorization is as follows:

2023	**FVTOCI**	**FVTPL**	**Amortised cost**	**Total carrying amount**
Investment securities	22,704	670	2,239	25,613
Cash and bank balances	-	-	1,122	1,122
Other receivables	-	-	115	115
	22,704	**670**	**3,476**	**26,850**
Other payables	-	-	305	305
	-	**-**	**305**	**305**

2022	FVTOCI	FVTPL	Amortised cost	Total carrying amount
Investment securities	25,124	707	2,241	28,072
Cash and bank balances	-	-	1,555	1,555
Other receivables	-	-	312	312
	25,124	707	4,108	29,939
Other payables	-	-	285	285
	-	-	285	285

21 CONTINGENCIES AND COMMITMENTS

	2023	2022
Uncalled face value in unquoted equity investments	**994**	195
Uncalled capital in investment property	**-**	125