Al Dar Capital Company B.S.C. (c)

Consolidated financial statements for the year ended 31 December 2022

Index

Commercial registration no.	66163 obtained on 8 August 2007	
CBB Licence no.	IBF-1/031 obtained on 1 October 2020 (previously WB/064 obtained on 17 July 2007)	
Board of Directors	Mubarak A M H A Al Quoud Abdullah M A M S AlHumaidhi Mohamed Abdulrahman Ahmed AlMutawa Ibrahim Abbas Athman Sukhi Issa Y E AlShamlan Mohamed Ebrahim Hasan AlHammadi Yusuf Mohamed Yusuf AlThawadi	- Chairman - Deputy Chairman - Chief Executive Officer
Executive Committee	Abdullah M A M S AlHumaidhi Mohamed Abdulrahman Ahmed AlMutawa Ibrahim Abbas Athman Sukhi	- Chairman
Audit Committee	Mohamed Ebrahim Hasan AlHammadi Issa Y E AlShamlan Yusuf Mohamed Yusuf AlThawadi	- Chairman
Corporate Governance and Nomination Committee	Yusuf Mohamed Yusuf AlThawadi Mohamed Ebrahim Hasan AlHammadi Dr. Isam Khalf Alanzi	- Chairman
Shari'a Supervisory Advisor	Isam Mohammed Ishaq Dr. Isam Khalf Alanzi Dr. Abdul Aziz Alqassar	- Chairman
Registered office	Flat No. 131, Building No. 31 Block No. 305, Al-Zamil Towers Government Avenue PO Box 75751 Manama Kingdom of Bahrain	
Bankers	Bahrain Islamic Bank Ahli Bank of Kuwait EFG Bank LTD Khaleeji Commercial Bank	
Auditors	BDO 17th Floor Diplomat Commercial Office Tower PO Box 787 Manama Kingdom of Bahrain	

Report of the Board of Directors of Al Dar Capital B.S.C (Closed)
For the fiscal year ending on December 31, 2020 AD

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

Praise be to the Lord of all worlds. Prayers and peace be upon our Prophet, Muhammad, his family and all of his companions

Dear Shareholders,

We are pleased to present to you the annual report of Al Dar Capital B.S.C. (Closed) for the fiscal year ending on December 31, 2022.

Unfortunately*,* the global economy continues to be weakened by the war in Ukraine through significant trade disruptions and food and fuel price shocks, all of which contribute to high inflation and the subsequent tightening of global financial conditions. Furthermore, the activity in the euro area, which is the largest economic partner for emerging and developing economies in Europe and Central Asia, witnessed a marked deterioration in the second half of 2022, due to disruptions in supply chains, increased financial pressures, and a declining consumer and business confidence. Therefore, the most damaging effect of the invasion is a rise in energy prices amid major reductions in Russian energy supplies.

The broad decline in growth forecasts for 2023 is seen across all emerging markets and developing economies in Europe and Central Asia, with significant uncertainty surrounding the region's outlook. A prolonged or intensified war could cause much greater economic and environmental damage and increase the potential for fragmentation of international trade and investment. The risk of financial stress also remains high given high levels of debt and inflation.

Global prices for oil, gas, and coal have also been on the rise since early 2021. They rose sharply after the Russian invasion of Ukraine, which in turn led to inflation rising to levels not seen in the region in decades. This unprecedented crisis has had repercussions for consumers and governments alike – draining fiscal resources, and reducing the productivity of companies; and household well-being.

Given these difficult economic conditions, Al Dar Capital was able to maintain its financial position, continue its policy of hedging and not be exposed to high-risk investments, maintain the investment portfolio and enhance the performance of its assets. The fair value of the equity investment portfolio was increased by 81% from $22 million in 2021 to $40 million in 2022.

As for the results of operations, the company maintained its level of performance compared to the year 2021, as it recorded a net loss of $1.7 million, compared to $1.96 in the year 2021.

Governance Report for the year 2022 AD

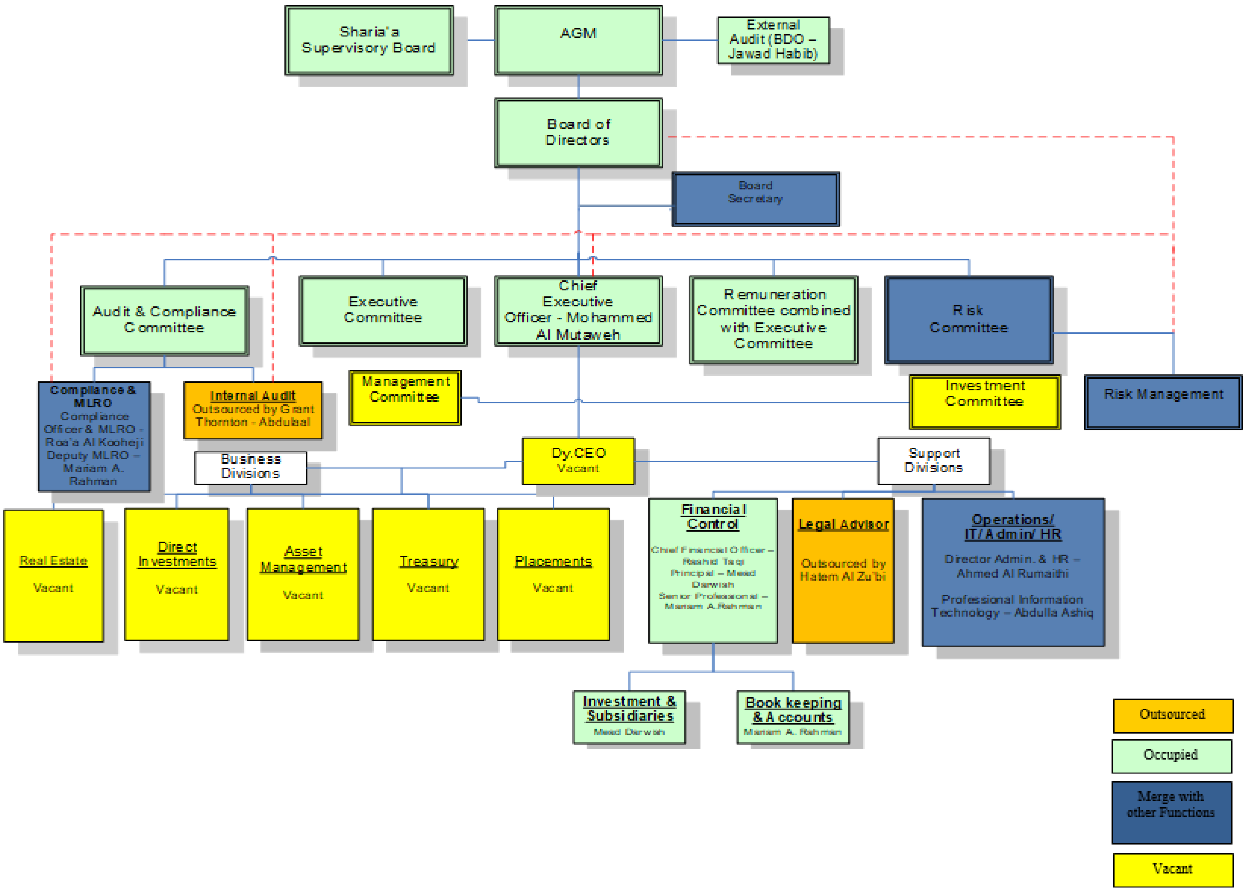
Since the company's incorporation, its Board of Directors has been keen to build an internal control system that enables it to control the company's operations under the frameworks approved by the Board through a set of policies and procedures that were formulated for this system, as well as the best frameworks recommended by the Basel Committee and the directives of the regulatory authorities specialized in the Kingdom of Bahrain.

The Board of Directors has formed the Audit and Compliance Committee, which oversees the frameworks related to internal control, risk management, and compliance to enhance internal and external audit practices, supervises the process of selecting external auditors and approving their appointment during the shareholders’ meeting, as well as reviewing the integrity of the company’s financial reports, reviewing the activities and performance of the internal audit department, and reviewing The company's commitment to laws, regulations, and the charter of professional practice. Messrs. Grant Thornton was called upon to carry out the company's internal audit work, and several reports were issued that were presented and reviewed by the Audit and Compliance Committee. A "Compliance Officer" was appointed for Al Dar Capital to supervise the company's compliance with the laws of the Central Bank of Bahrain and other related laws issued by the official authorities in the Kingdom. Bahrain.

The Board also formed the Executive Committee, whose most important responsibilities include drawing up the company's investment map, following up on the company's investment operations, and extensively studying the feasibility of projects before submitting them to the Board. In addition, a nomination committee was formed, which is responsible for nominating independent and non-executive board members, in addition to evaluating the performance and selecting the company's executive management. We present to you the organizational administrative structure of the company, which shows the relationship between the board and its committees with the departments and divisions of the company.

Appendix A

Al Dar Capital Company Organization Chart 2022



The Board of Directors holds meetings regularly duly so that it can follow up on strategic and financial issues, investment operations, internal control procedures, and compliance issues, and formulate the company's policy by participating in the formulation and development of strategies and objectives, defining and consolidating the values of organization, management and general policies of the company, and standing on the performance of the company's executive management. To ensure the progress of business according to the agreed frameworks and plans; the Board of Directors also seeks to create an appropriate balance between achieving financial growth and the desired goals. The table below shows the percentage of attendance at the meetings of the Board of Directors and its affiliated committees during the year 2020:

The Committee	Attendance rate
Board of Directors	92.86%
Executive Committee	100%
Auditing Committee	83.33%

The Board of Directors has evaluated the performance of the Board's members during the fiscal year ending on December 31, 2022 AD, and the results of the evaluation are shown in the attached table (Appendix B & C), which are recognized under the latest disclosure by the members of the Board, there is no family relationship between any of the members with anyone of Executive management staff.

Appendix B

Board Performance Evaluation for the Year Ended 31st December 2022

1	**Composition of the Board**						
	1.1	The Board has the right number of directors					
	Scale	Strongly Agree	Agree	Should be reviewed	Disagree		
		1	2	3	4		
	Members	7					
		100.0	0.0			Total	100
	1.2	The composition of the Board, including the mix of independent and non-independent directors, is appropriate.					
		1	2	3	4		
	Members	4	3				
		57.1	42.9			Total	100
	1.3	The process for selecting new directors is effective					
		1	2	3	4		
	Members	5	2				
		71.4	28.6			Total	100
2	**Board Roles and Responsibilities**						
	2.1	The Board has full and common understanding of their roles and responsibilities					
		1	2	3	4		
	Members	5	2				
		71.4	28.6			Total	100

2.2 The Board is effective in reviewing, approving and monitoring operating, financial and other corporate plans, strategies and objectives.

	1	2	3	4		
Members	4	3				
	57.1	42.9			Total	100

2.3 The Board is effective in evaluating the performance of the Company's senior executives.

	1	2	3	4		
Members	4	3				
	57.1	42.9	0.0		Total	100

2.4 The Board is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities

	1	2	3	4		
Members	5	2				
	71.4	28.6			Total	100

2.5 The Board is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.

	1	2	3	4		
Members	7					
	100.0	0.0			Total	100

2.6 The Board is effective in questioning and providing advice and assistance to the Company's senior executives.

	1	2	3	4		
Members	6	1				
	85.7	14.3			Total	100

2.7 Reviewing and approving all comprehensive personnel policies of the Company that have been reviewed by a qualified professional.

	1	2	3	4		
Members	4	3				
	57.1		0.0		Total	57.14

2.8 The Board is provided with sufficient information about the principal operational and financial objectives and plans of the Company, the financial results of the Company and its business segments and the risks and problems that affect the Company's business and prospects.

	1	2	3	4		
Members	7					
	100.0		0.0		Total	100.0

2.9 The Board has sufficient understanding in external trends, competitive threats and opportunities critical to the Company's future performance.

	1	2	3	4		
Members	6	1				
	85.7	14.3			Total	100

2.10 The Board has adequate risk management procedures in place

	1	2	3	4		
Members	4	3				
	57.1	42.9	0.0		Total	100

3 Conduct of Board Meetings

3.1 Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.

	1	2	3	4		
Members	6	1				
	85.7	14.3			Total	100

3.2 The Board strikes the right balance in discussing operational and strategic issues.

	1	2	3	4		
Members	3	4				
	42.9	57.1			Total	100

3.3 The Board is provided with sufficient information and time to address issues that might present a conflict of interest.

	1	2	3	4		
Members	3	4				
	42.9	57.1			Total	100

3.4 Board meeting time is appropriately allocated between Board discussion and management presentations and the length of each meeting is generally adequate for the Board to effectively cover appropriate business.

	1	2	3	4		
Members	4	3				
	57.1	42.9			Total	100

3.5 The number of meetings during the year is sufficient for the Board to be effective.

	1	2	3	4		
Members	5	2				
	71.4	28.6		0.0	Total	100

3.6 The attendance of each Board members and its committees is suffecient each year to enable them to discharge its responsibilities effectively.

	1	2	3	4		
Members		4	3			
	0.0	57.1	42.9		Total	100

4 Board Committees

4.1 Responsibilities of the committees of the Board are well defined

	1	2	3	4		
Members	6	1				
	85.7	14.3			Total	100

4.2 The following committees are effective in performing their responsibilities

(i) Audit Committee

	1	2	3	4		
Members	5	2				
	71.4	28.6			Total	100

(ii) Executive Committee

	1	2	3	4		
Members	7					
	100.0	0.0			Total	100

(iii) Corporate Governance and Nomination Committee

	1	2	3	4		
Members	2	3	2			
	28.6	42.9	28.6			100

4.3 The Committees addressing effectively the matters delegated to it in its charter

	1	2	3	4		
Members	6	1				
	85.7	14.3			Total	100

4.4 Members receive sufficient background information prior to meetings

	1	2	3	4		
Members	7					
	100.0	0.0			Total	100

4.5 Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues

	1	2	3	4		
Members	4	3				
	57.1	42.9			Total	100

4.6 Meeting time is appropriately allocated between Committee discussion and management presentations

	1	2	3	4		
Members	5	2				
	71.4	28.6			Total	100

4.7 The composition and size of the Committees are appropriate.

	1	2	3	4		
Members	6	1				
	85.7	14.3			Total	100

Appendix C

Evaluation of an Individual Board Member for the Year Ended 31st December 2022

1. I understand and support the mission of the organization.

Scale	Yes	No	Not Sure		
Members	7				
	100.0	0.0		Total	100

2. I understand the role of the board and my legal and ethical responsibilities as a board member.

Scale	Yes	No	Not Sure		
Members	7				
	100.0	0.0		Total	100

3. Follow trends and important developments in the Company's fields of interest.

Scale	Yes	No	Note Sure		
Members	7				
	100.0	0.0		Total	100

4. I further the mission with my time, skills and experience.

Scale	Yes	No	Not Sure		
Members	7				
	100.0	0.0		Total	100

5. I have attended all regular and special board meetings and other events requiring board participation.

Scale	Yes	No	Note Sure		
Members	7				
	100.0	0.0		Total	100

6. I try to be an objective decision maker, considering the impact of issues on individuals, the organization and the community.

Scale	Yes	No	Note Sure		
Members	7				
	100.0	0.0	0.0	Total	100

7. Have a good working relationship with other board members and with the staff.

Scale	Yes	No	Not Sure		
Members	7				
	100.0	0.0		Total	100

8. I avoid participation in board issues which are self-serving or may be perceived as conflict of interest.

Scale	Yes	No	Not Sure		
Members	7				
	100.0	0.0		Total	100

9. I read and understand the Company’s financial statements.

Scale	Yes	No	Not Sure		
Members	7				
	100.0	0.0		Total	100

10. I prepare for and participate in board meetings and committee meetings.

Scale	Yes	No	Not Sure		
Members	7				
	100.0		0.0	Total	100

11. If I chair a committee, I take responsibility for knowing that my committee is responsible to do and initiate the meetings necessary to fulfill responsibilities.

Scale	Yes	No	Not Sure		
Members	7				
	100.0		0.0	Total	100.0

12. I understand the difference between the staff’s responsibilities and my own as a member of the board.

Scale	Yes	No	Not Sure		
Members	7				
	100.0	0.0		Total	100

13. Making recommendations about how the Company’s operating and financial policies.

Scale	Yes	No	Not Sure		
Members	7				
	100.0	0.0	0.0	Total	100

14. Recommend qualified individuals with relevant skills and experience as possible nominees for the board.

Scale	Yes	No	Not sure		
Members	7				
	100.0	0.0		Total	100

Please find the attached table (Appendix D) for bonuses of Board Members and Executive Management:-

Disclosure forms for the bonuses of the members of the Board Members and Executive Management in the report of the Board of Directors:-

First: Board Members' Bonuses:

Appendix D

Name	fixed bonuses					Variable Bonuses					End of service gratuity	Grand total (not including expense allowance)	Expense allowance
	Bonuses of the Chairman and members of the Council	Total allowances to attend meetings of the Council and committees	Salaries	Other *	Total	Bonuses of the Chairman and members of the Council	Bonus	Incentive plans	Other**	Total			
First: Independent members:													
1- Mubarak Abdulrahman Al-Quoud		9,000	-	-	9,000	-	-	-	-	-	-	-	-
2- Mohamed Ebrahim Al Hammadi		13,000	-	-	13,000	-	-	-	-	-	-	-	-
3- Yousif Mohamed Al Thawadi		13,000	-	-	13,000	-	-	-	-	-	-	-	-
Second: Non-Executive Members:													
1- Isa Yousif Al-Shamlan		6,500	-	-	6,500	-	-	-		-	-	-	-

Third: Executive Members:													
1- Abdullah Meshari Al-Humaidhi		13,000	-	-	13,000	-	-	-	-	-	-	-	-
2- Muhamed Abdul rahman Al-Mutawa		17,000	159,394/692	3,360	179,754/692	-	-	-	-	-	-	-	-
3- Ebrahim Abbas Al-Saqhi		13,000	-	-	13,000	-	-	-	-	-	-	-	-
Total		**84,500**	**159,394/692**	**3,360**	**247,254/692**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note: All amounts must be stated in Bahraini Dinars.
Other bonuses:
***** They include in-kind benefits - a certain amount - **bonuses** for technical, administrative and consulting work (if any).
* They include the Board member's share of the dividend includes - the shares awarded (value is entered) (if any).

Second: Executive Management Bonuses Details:

Executive Management	Total salaries and allowances paid	Total bonuses paid (Bonus)	Any other cash / in-kind bonuses of 2022	Grand total (BD)
Top six bonuses from executives including CEO * and CFO * *	BD270,424/000	-	-	BD270,424/000

Note: All amounts must be stated in Bahraini Dinars.
* The highest authority in the company's executive branch, the designation may vary: Chief Executive Officer (CEO), President, General Manager (**GM**), Managing Director... etc.).
** The highest financial officer of the company, **(CFO),** Chief Financial Officer ...etc.).

Mubarak A M H A Al Quoud
Chairman

Mohamed Abdulrahman Ahmed AlMutawa
Director and Chief Executive Officer

Al Dar Capital

بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على رسوله الأمين وعلى آله وأصحابه أجمعين

Shari'ah Supervisory Board ("SSB") Report

To the Shareholders of Al Dar Capital Company B.S.C. (c)
For the Financial Period Ending 31.12.2022

Dear Shareholders/Al Dar Capital Company,

After the confirmation of the Executive Management of the entity that it's still applying the contracts and applications that were reviewed previously by the Shari'ah Supervisory Committee where the Committee is confident that it is in compliance with Islamic Shari'ah Principles, and we present our report as follows:

We have reviewed the principles and contracts relating to the transactions and applications conducted by Al Dar Capital Company B.S.C. (c) during the course of the period from its incorporation up to December 31, 2022. Our review was conducted in order to judge whether the Entity followed the principles of the Islamic Shari'ah, specific fatwas, and guidelines issued by the Shari'ah Supervisory Board.

The Entity's Board of Directors are responsible for ensuring that its operations are carried out in compliance with the rules and principles of the Islamic Shari'ah. It is our responsibility to present an independent view of the Entity's operations and to communicate it to the shareholders.

The Shari'ah Supervisory Board reviewed the financial statements prepared by the Management for the financial year ended 31st December 2022. These activities were limited to settlements and restructuring of previous transactions and investment in short -term murabha transactions, we found no violations or contradictions to any of Shari'ah law.

Date: 21th February 2023

Sheikh Esam Mohamed Ishaq
Chairman of Shari'ah Supervisory Board

Sheikh Dr. Esam Khalaf Al Enezy
Member of Shari'ah Supervisory Board

Sheikh, Dr. Abdul Aziz Al-Qassar
Member of Shari'ah Supervisory Board

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Independent auditor's report to the shareholders of Al Dar Capital Company B.S.C. (c)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Al Dar Capital Company B.S.C. (c) ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statement of income, consolidated statement changes in Owners' equity, consolidated statement of cash flows and statement of changes in restricted investment accounts for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and the consolidated results of the operations, changes in owners' equity, its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

In our opinion, the Company has also complied with the Islamic Shari'ah Principles and Rules as determined by the Shari'ah Supervisory Board of the Company during the year ended 31 December 2022.

Basis for opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

(1) Going concern

As explained in Note 28, the Group has acted as an agent in Wakala investments totaling US$477,307,508 where various investors and financial institutions have placed funds with the Parent Company and others. The Parent Company and others have defaulted on repayments of these Wakala and restricted investment accounts. The repayments were rescheduled under a stipulated court judgment served on the Parent Company by the Kuwaiti Special Circuit Court of Appeal in June 2011.

After first repayment the Parent Company did not repay any subsequent tranches. The Parent Company proposed a revised restructuring plan which was approved by the majority of investors and creditors for settlement of debts. However, on 10 October 2018, the Special Circuit Court of Appeal in its hearing, rejected TID's revised restructuring plan ("Al Sharq Plan"). During 2019, the Parent Company transferred certain liquid assets and a set of liabilities to five different Special Purpose Vehicles ("SPV") in order to settle the individual creditors. The consideration for settlement was agreed based on the valuation prepared by the Parent Company which has resulted in a haircut of approximately 50% of the outstanding balances. The share transfer process will be initiated upon the acceptance of the offer by all the creditors proposed for these SPVs'.

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Independent auditor's report to the shareholders of Al Dar Capital Company B.S.C. (c) (continued)

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

Emphasis of matter (continued)

(1) *Going concern (continued)*

Also, the Group has accumulated losses of US$110,883,498 resulting in significant erosion of share capital of the Group as at 31 December 2022.

These factors raise doubt about the Group's ability to continue to operate as going concern. However, based on the legal opinion, the Group has no obligation to sell directly any of the assets owned by the Group nor to liquidate the Group in order to meet the Parent Company's liabilities. Further, the Board of directors have no intention to liquidate the Group and is evaluating alternative plans to revive the Group's financial position. Accordingly, the management has continued to prepare these consolidated financial statements on a going concern basis.

Management's view on the going concern assumption is explained in Note 28.

(2) *Title and fair value of investment in real estate held-for-use*

During the year ended 31 December 2012, an overdue Murabaha debt receivable of US$50,986,836 as detailed in Note 11(a) was settled through a transfer of real estate assets to the Group. The Group had US$15,705,723 impairment provision recognised against this debt receivable as at 31 December 2012. The assets were valued at US$35,281,113, an amount equivalent to the value of outstanding Murabaha receivables less of impairment provision. The assets comprise a majority shareholding in two companies whose principal assets are ownership rights over certain real estate. Absolute title to this real estate is held in trust by a third party, while the Group possess the original title deed along with waiver letter from third party declaring the absolute ownership to the Group. The subsidiary companies holding the underlying real estate are consolidated in these consolidated financial statements as at 31 December 2022.

Our opinion is not modified in respect of the above matters.

Other information included in the Group's consolidated financial statements

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

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

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

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Independent auditor's report to the shareholders of Al Dar Capital Company B.S.C. (c) (continued)

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

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

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

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

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

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

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

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

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

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

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Independent auditor's report to the shareholders of Al Dar Capital Company B.S.C. (c) (continued)

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

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

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

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Independent auditor's report to the shareholders of Al Dar Capital Company B.S.C. (c) (continued)

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

Report on Other Legal and Regulatory Requirements
As required by the Bahrain Commercial Companies Law and the Central Bank of Bahrain (CBB) Rule Book (Volume 4), in case of the Company, we report that:

a) the Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
b) the financial information contained in the Board of Directors Report is consistent with the consolidated financial statements;
c) except for the matters referred to in the *Emphasis of matter* section of our report and the share capital of the Group being significantly eroded as at 31 December 2022 and is not sufficient as required by Article 109 of the Bahrain Commercial Companies Law, we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (Volume 4) and Financial institutions law and Central Bank directives, regulations and associated resolutions, rules and procedures or the terms of the Company's Memorandum and Articles of Association during the year ended 31 December 2022 that might have had a material adverse effect on the business of the Group or on its consolidated financial position; and
d) satisfactory explanations and information have been provided to us by Management in response to all our requests.

BDO

Manama, Kingdom of Bahrain
16 February 2023

نات فينكيتاجلام فيشوانات
رقم القيد ١٥١
BDO
Public Accountants
Reg. No. 151
Nath Venkitachalam Viswanath

See Auditor's Report dated 16-02-2023
Signed by BDO, CR No. 10201-04
Partner: Nath Venkitachalam Viswanath
Reg. No. 151
Signature:

Al Dar Capital Company B.S.C. (c)
Consolidated statement of financial position as at 31 December 2022
(Expressed in US Dollars)

	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents	6	3,259,973	1,992,580
Prepayments and other assets	7	91,486	84,464
Short-term investments	8	4,000,000	7,000,000
Investment securities	9	40,089,419	22,647,812
Investment in real estate held-for-use	11	43,433,768	44,380,927
Right-of-use asset	12	105,384	165,604
Property and equipment	13	13,504,043	13,505,382
Total assets		104,484,073	89,776,769
EQUITY AND LIABILITIES			
Liabilities			
Net ijara liability	14	110,650	169,673
Accruals and other payables	15	741,603	666,963
Total liabilities		852,253	836,636
Equity			
Share capital	16	200,000,000	200,000,000
Statutory reserve	17(i)	3,035,339	3,035,339
Property fair value reserve	11(b)	(1,109,790)	(343,301)
Investments fair value reserve	17(ii)	10,914,715	(6,393,311)
Unrealised foreign currency translation losses on net investment in foreign operations	17(iii)	(694,175)	(575,691)
Foreign currency translation reserve	17(iv)	(126,401)	(256,854)
Accumulated losses		(110,883,498)	(109,098,919)
		101,136,190	86,367,263
Non-controlling interest	18	2,495,630	2,572,870
		103,631,820	88,940,133
Total liabilities and equity		104,484,073	89,776,769
Off-statement of financial position items			
Restricted investment accounts:			
- Others	19	477,307,508	477,307,508
- Financial institutions		-	-

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

Mubarak A M H A Al Quoud
Chairman

Abdullah M A M S AlHumaidhi
Deputy Chairman

Mohamed Abdulrahman Ahmed AlMutawa
Director and Chief Executive Officer

(Expressed in US Dollars)

See Auditor's Report dated 16-02-2023
Signed by BDO, CR No. 10201-04
Partner: Nath Venkitachalam Viswanath
Reg. No. 151
Signature:

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Income			
Other income	20	618,156	532,401
Expenses			
Staff costs	21	(1,548,293)	(1,574,121)
Other operating expenses	22	(854,442)	(920,210)
Total expenses		(2,402,735)	(2,494,331)
Net loss for the year		(1,784,579)	(1,961,930)
Basic and diluted losses per share (in US$ cents)	27	(0.89)	(0.98)

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

Mubarak A M H A Al Quoud Chairman	Abdullah M A M S AlHumaidhi Deputy Chairman	Mohamed Abdulrahman Ahmed AlMutawa Director and Chief Executive Officer

Al Dar Capital Company B.S.C. (c)
Consolidated statement of changes in Owners' equity for the year ended 31 December 2022
(Expressed in US Dollars)

	Share capital	Statutory reserve	Property fair value reserve	Investment fair value reserve	Unrealised foreign currency translation reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total
At 31 December 2020	200,000,000	3,035,339	(134,229)	(4,801,015)	(622,734)	(355,955)	(107,136,989)	89,984,417	2,612,278	92,596,695
Net loss for the year	-	-	-	-	-	-	(1,961,930)	(1,961,930)	-	(1,961,930)
Unrealised fair value loss on investments in real estate held-for-use (Note 11)	-	-	(209,072)	-	-	-	-	(209,072)	(39,408)	(248,480)
Unrealised fair value loss on investment securities (Note 9)	-	-	-	(1,592,296)	-	-	-	(1,592,296)	-	(1,592,296)
Unrealised foreign currency translation gain on net investment in foreign operations	-	-	-	-	47,043	-	-	47,043	-	47,043
Foreign currency translation gain on investment securities	-	-	-	-	-	99,101	-	99,101	-	99,101
At 31 December 2021	200,000,000	3,035,339	(343,301)	(6,393,311)	(575,691)	(256,854)	(109,098,919)	86,367,263	2,572,870	88,940,133
Net loss for the year	-	-	-	-	-	-	(1,784,579)	(1,784,579)	-	(1,784,579)
Unrealised fair value loss on investments in real estate held-for-use (Note 11)	-	-	(766,489)	-	-	-	-	(766,489)	(77,240)	(843,729)
Unrealised fair value gain on investment securities (Note 9)	-	-	-	17,308,026	-	-	-	17,308,026	-	17,308,026
Unrealised foreign currency translation loss on net investment in foreign operations	-	-	-	-	(118,484)	-	-	(118,484)	-	(118,484)
Foreign currency translation gain on investment securities	-	-	-	-	-	130,453	-	130,453	-	130,453
At 31 December 2022	200,000,000	3,035,339	(1,109,790)	10,914,715	(694,175)	(126,401)	(110,883,498)	101,136,190	2,495,630	103,631,820

Al Dar Capital Company B.S.C. (c)
Consolidated statement of cash flows for the year ended 31 December 2022
(Expressed in US Dollars)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Operating activities			
Net loss for the year		(1,784,579)	(1,961,930)
Adjustments for:			
Depreciation	13	3,736	22,829
Amortisation on right-of-use asset	12	60,220	60,220
Net movement in foreign exchange		(17,895)	6,004
Reversal of liabilities no longer required to be payable		-	(3,313)
Changes in operating assets and liabilities:			
Prepayments and other assets		(7,319)	(3,073)
Accruals and other liabilities		74,650	21,070
Net cash used in operating activities		(1,671,187)	(1,858,193)
Investing activities			
Additions in short-term investments		-	(7,000,000)
Withdrawal in short-term investments		3,000,000	-
Net ijara liability payment		(59,023)	(56,151)
Purchase of property and equipment	13	(2,397)	(3,134)
Net cash provided by/(used in) investing activities		2,938,580	(7,059,285)
Net increase/(decrease) in cash and cash equivalents		1,267,393	(8,917,478)
Cash and cash equivalents, beginning of the year		1,992,580	10,910,058
Cash and cash equivalents, end of the year	6	3,259,973	1,992,580

(Expressed in US Dollars)

Wakala investments

	31 December 2022	31 December 2021
Closing balance	477,307,508	477,307,508

Wakala investments represent amounts received from the investors under Wakala contracts where the Company acts as a Wakil (agent) and are in turn placed investments with the Parent Company and other entities on a Wakala basis.

In prior years, the Group accepted money from investors under restricted Wakala (agency) investment contracts and has in turn placed these Wakala investments with its Parent Company and others. As at 31 December 2022, US$477,307,508 (31 December 2021: US$477,307,508) of the restricted investment accounts on Wakala contracts due to institutions were overdue. Under the terms of the Parent Company restructuring plan approved by the Kuwaiti Special Circuit Court of Appeal on 2 June 2011 under the protection of the Kuwait Financial Stability Law, all Wakala contracts relating to individuals and non-regulated companies have been paid by 31 December 2012 and the repayment of remaining Wakala contracts was scheduled to be repaid over five tranches by 30 June 2017. The Parent Company did not settle any debts relating to these restricted Wakala contracts during the year (2021: US$Nil).

* Also refer the settlement plan detailed in Note 28 (3).

(Expressed in US Dollars)

1 Organisation and activities

Al Dar Capital Company B.S.C. (c) ("the Company") and its subsidiaries (together "the Group") is a Bahraini closed shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 66163 obtained on 8 August 2007. The "Parent Company" of the Group is The Investment Dar Company K.S.C., a Kuwaiti incorporated Company listed on Kuwait Stock Exchange, which owns directly and indirectly more than 50% of the share capital of the Group.

The Company has converted its license from a wholesale bank ("Islamic Principles") to an investment business firm - Category 1 ("Islamic Principle") and to operate under the name of "Al Dar Capital Company B.S.C. (c)" and accordingly activities are regulated by the CBB and supervised by a Religious Supervisory Board ("the Shari'a Board").

The principal activities of the Company include fund management activities.

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

These consolidated financial statements, set out on pages 22 to 51, were approved and authorized for issue by the shareholders on 16 February 2023.

As at 31 December 2022 and 2021, the Company owned the following subsidiaries:

Name	Country of incorporation	Proportion of ownership interest 2022	Proportion of ownership interest 2021	Non-controlling ownership interest 2022	Non-controlling ownership interest 2021
Darco Real Estate Investment Co. W.L.L.	Kingdom of Bahrain	100%	100%	-	-
Al Honaniya Real Estate Co. W.L.L.	Kuwait	100%-Indirect holding	100%-Indirect Holding	-	-
North Victoria Limited *	Jersey, Channel Islands	100%	100%	-	-
Gibson North Limited *	Jersey, Channel Islands	77.425%	77.425%	22.575%	22.575%

These financial statements have been prepared on a consolidated basis and comprise the financial statements of the Company and its subsidiaries (together referred as "the Group").

(*)The Company acquired the shares of North Victoria Limited and Gibson North Limited ("the Subsidiaries") as part of a settlement of a Murabaha placement with a related party of the Parent Company during 2012 (Refer Note 11(a)). As per the settlement contract, the liabilities as on the date of settlement in the books of these companies were not transferred to the Company. The main asset in the books of the subsidiaries was the value of islands in "The World", Dubai, UAE, which have been treated as investment properties on consolidation. The value of the investment properties was restricted to the value of the Murabaha carried in the books of the Company prior to the settlement.

2 Basis of preparation

The consolidated financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ('AAOIFI'), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Advisor of the Company, the Bahrain Commercial Companies Law, the Central Bank of Bahrain, Financial Institutions Law and the CBB Rule Book (Volume 4) and CBB directives, regulations and associated resolutions, rules and procedures of the Company's memorandum and articles of association in accordance with the requirements of AAOIFI. For matters for which no AAOIFI standard exists, the Group uses the relevant International Financial Reporting Standards ('the IFRS') issued by International Accounting Standards Board.

(Expressed in US Dollars)

3 Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and by other parties;
- other contractual arrangements; and
- historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

4 Significant accounting policies

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

Standards, amendments and interpretations issued and effective in 2022 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting year beginning on or after 1 January 2022 or subsequent years, but is not relevant to the Group's operations:

Standard or interpretation	Title	Effective for annual periods beginning on or after
FAS 37	Financial reporting by Waqf institutions	1 January 2022
FAS 38	Wa'ad, Khiyar and Tahawwut	1 January 2022

Standards, amendments and interpretations issued but not yet effective in 2022

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2022. They have not been adopted in preparing the financial statements for the year ended 31 December 2022 and will or may have an effect on the entity's future financial statements. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

(Expressed in US Dollars)

4 Significant accounting policies (continued)

Standards, amendments and interpretations issued but not yet effective in 2022 (continued)

Standard or interpretation	Title	Effective for annual periods beginning on or after
FAS 1	General presentation and disclosures in the financial statements	1 January 2023
FAS 39	Financial Reporting for Zakah	1 January 2023
FAS 40	Financial Reporting for Islamic Finance Windows	1 January 2024
FAS 42	Presentation and disclosures in the financial statements of Takaful institutions	1 January 2025
FAS 43	Accounting for Takaful: Recognition and measurement	1 January 2025

Early adoption of amendments or standards in 2022

The Group did not early-adopt any new or amended standards in 2022. There would have been no change in the operational results of the Group for the year ended 31 December 2022 had the Group early adopted any of the above standards applicable to the Group.

Investment securities

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, are classified as investment securities in the consolidated statement of financial position.

Investment securities are initially recorded at cost and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of investment securities are recognised in the consolidated statement of Owners' equity. The fair values of investments listed on active markets are determined by reference to quoted market prices. The fair values of securities listed on inactive markets and unlisted investments are determined using other generally accepted valuation methods such as the adjusted prices of similar instruments. Investment securities for which fair values cannot be measured reliably are recognised at cost less impairment.

4 Significant accounting policies (continued)

Investment securities (continued)

The fair value changes of investment securities are reported in equity until such investments are sold or impaired, at which time the realised gains or losses are reported in the consolidated income statement.

Investment in real estate held-for-use

Investment in real estate held-for-use, principally comprising of freehold land and buildings, are held for capital appreciation and long-term rental yields and are not occupied by the Group. Initially, investments in real estate held-for-use are measured at cost including transaction costs. Subsequent to initial recognition, investments in real estate held-for-use are stated at their fair values. Gains and losses arising from changes in the fair values of investments in real estate held-for-use are included in the consolidated statement of Owners' equity in the year in which they arise.

Investment in real estate held-for-use are de-recognised when they have either been disposed-off, or when the investments in real estate held-for-use is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on de-recognition of investments in real estate held-for-use are recognised in the consolidated income statement in the year of de-recognition.

Restricted investment accounts

Restricted investment accounts represents assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager based on either a Mudaraba contract or a Wakala contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investment account holders and are reported off the statement of financial position of the Group.

Property and equipment

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

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

Furniture and fixtures	5 years
Computer and office equipment	3 years
Motor vehicles	5 years

Freehold land is not depreciated as it is deemed to have an infinite life.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts at the date of disposal.

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

4 Significant accounting policies (continued)

Property and equipment (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written-down immediately to its recoverable amount.

Foreign currency transactions

Measurement and functional currency

Items included in the consolidated financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The consolidated financial statements are presented in United States Dollar (US$ or USD or $), which is the measurement and functional currency of the Group.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated income statement. Non-monetary assets that are measured in terms of historical cost in foreign currencies are recorded at rates of exchange prevailing at the value dates of the transactions.

Provisions

The Group recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events, and a reasonable estimate of the obligation can be made.

Employees' terminal benefits

Short-term benefits

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

Post-employment benefits

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

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

4 Significant accounting policies (continued)

Revenue recognition

Income from short term investments are recognised on a time-apportioned basis over the period of the contract using the effective profit method.

Arrangement fees received on providing restricted investment services is recognised on a time apportioned basis on the term of the related restricted investment.

Income from investments (dividend income) is recognised when the right to receive is established. This is usually the ex-dividend date for equity securities.

Other income relates to reversal of certain previously provided balances recognised when the amount outstanding was received.

Profit on settlement is recognised when the settlement actually occurs and right to receive money is established.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The ordinary shares are classified as equity instruments.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and current account balances with banks.

Short-term investments

Short-term investments comprises of Murabaha deposits with bank having original maturities of three months or less

5 Critical accounting judgment and key source of estimation uncertainty

Preparation of the consolidated financial statements in accordance with AAOIFI and IFRS requires the Group's management to make estimates and assumptions that 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 revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

Other most significant areas requiring the use of management estimates and assumptions in these consolidated financial statements relate to:

- economic useful lives of property and equipment;
- impairment on investment securities;
- impairment of short term investments;
- economic life of right-of-use assets;
- determination of ijara term and the borrowing rates for ijara;
- going concern;
- power to exercise significant influence;
- fair valuation of investment in real estate held-for-use measurement;
- legal proceedings; and
- contingencies.

5 Critical accounting judgment and key source of estimation uncertainty (continued)

Economic useful lives of property and equipment

The Group's property and equipment are depreciated on a straight-line basis over their expected economic useful lives. Economic useful lives of property and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Impairment on investment securities

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

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

Impairment of short-term investments

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

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

Economic life of right-of-use assets

Right-of-use assets are amortised over their economic useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of income in specific periods.

The Group's right-of-use assets are amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the ijara term.

Economic useful lives of right-of-use assets are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Determination of ijara term and the borrowing rates for ijara

The management of the Group exercises judgment while determining if it is reasonably certain while exercising the lease options at the commencement as well as during the ijara term. The carrying value of net ijara liabilities are revised based on certain the variable elements of the future ijara payments like rates or index. Determination of incremental borrowing rates used to determine the carrying value of ijara liabilities and the discount rates used to determine the carrying value of right-of-use of ijara rights involve, to certain extent, management estimates. Any changes to management estimate may have an impact on the term as well as the carrying values of the ijara assets and liabilities.

5 Critical accounting judgment and key source of estimation uncertainty (continued)

Going concern

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

Power to exercise significant influence

Where the Group holds less than 20% of voting rights in an investment but the Group has the power to exercise significant influence, such an investment is treated as an associate. In the opposite situation where the Group holds over 20% of voting rights (but not over 50%) and the Group does not exercise significant influence, the investment is treated as an investment security. Details of investment in securities are given in Note 10. Finally, where the Group holds has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns.

Fair valuation of investment in real estate held-for-use

The Group obtains valuations performed by external valuers in order to determine the fair value of its real estate held-for-use. These valuations are based upon assumptions including future rental income, anticipated maintenance costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. The level of activity in the real estate held-for-use market has been at a low level for the past few years, primarily because of the reduced availability of credit and global market conditions.

The lack of comparable market transactions has resulted in a greater level of professional judgment being relied upon in arriving at valuations. Changes in the underlying assumptions could have a significant impact on the fair values presented. Further information in relation to the valuation of real estate held-for-use is disclosed in Note 11 to these consolidated financial statements.

Legal proceedings

The Group recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the consolidated financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the consolidated financial statements could have a material effect on the Group's consolidated financial position. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control.

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

Contingencies

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

(Expressed in US Dollars)

6 Cash and cash equivalents

	31 December 2022	31 December 2021
Current account balances with banks	3,992,303	2,724,910
Cash on hand	1,295	1,295
Impairment of balances held with a financial institution	(733,625)	(733,625)
	3,259,973	1,992,580

Impairment relates to balances held with a financial institution, which the management has significant doubts of recovery. However, the Group has filed a case against the financial institution to recover this amount.

7 Prepayments and other assets

	31 December 2022	31 December 2021
Wakala fees receivable	87,461	87,461
Less: Provision on doubtful Wakala fees receivables	(87,461)	(87,461)
	-	-
Accrued profit on murabaha deposit	4,444	273
Prepayments and other receivables	48,164	80,970
Staff advances	38,878	3,221
	91,486	84,464

8 Short-term investments

	31 December 2022	31 December 2021
Gross commodity Murabaha	4,000,000	7,000,000

During the year ended 31 December 2022, a murabaha placement with a financial institution bears profit rates ranging from 0.0267% to 4.0000% per year and has a maturity period of less than 90 days. The profits up to 31 December 2022 amounting to US$40,847 has been accounted for in these consolidated financial statements.

9 Investment securities

	31 December 2022	31 December 2021
Opening balance	22,647,812	24,142,379
Foreign currency translation gains for the year	133,581	97,729
Unrealised fair value gains/(losses) for the year	17,308,026	(1,592,296)
Closing balance	40,089,419	22,647,812

(Expressed in US Dollars)

9 Investment securities (continued)

As of 31 December 2022, the investment securities include quoted and unquoted investments of five companies. These investments have been fair valued during the year based on the latest audited financial statements of the investee companies, indicative prices available through the secondary markets or the Kuwaiti Stock Exchange.

During 2020, as per the settlement contract dated 2 February 2020, the Group has accepted 14% as ownership interest in one of the SPVs named Excellent Opportunities For General Trading and Contracting ("the SPV"), in full and final settlement of its Wakala exposures towards the Parent Company (Note 10) amounted to BD16,830,889. The valuation of the SPV was made based on the SPV's net assets value as per the audited financial statements 31 December 2019. Further, during 2022, the Parent Company, due to the delay in the process of transferring the ownership of the SPV named "Excellent Opportunities For General Trading and Contracting" from the Parent Company to the Group, has replaced the interest in the SPV with another asset with values as per settlement agreement. The title of the new SPV named "Adam Capital Holding Company" has been transferred to the Group. The investment is carried in books at USD30,378,022 based on the latest available audited financial statement of the SPV for the year ended 31 December 2022.

Analysis of investments	31 December 2022	31 December 2021
Investment in equity-type instruments - Quoted	5,227,368	2,597,952
Investment in equity-type instruments - Unquoted	34,862,051	20,049,860
	40,089,419	22,647,812

Investment securities geographical location and currency denomination are as follows:

Country	Currency	31 December 2022	31 December 2021
Kuwait	Kuwaiti Dinars	35,841,021	18,345,984
Bahrain	Bahraini Dinars	4,248,398	4,301,828
		40,089,419	22,647,812

10 Wakala placements

Wakala settlements with the Parent Company

The Group had significant exposures with its Parent Company, which were fully provided for. The Kuwaiti Special Circuit Court of Appeal approved a restructuring plan on 2 June 2011 under the protection of the Kuwait Financial Stability Law whereby the Parent Company will settle all liabilities in 5 tranches by 30 June 2017, with profits. As per the restructuring plan, the first tranche payment amounting to US$2,518,205 was received in kind by way of a cash generating asset (right to use of a property in Kuwait) (Note 11(b)). The Group recorded the property in its books as investment in real estate held-for-use after the rights and benefits were legally transferred to the Group. There after no other tranches were received or settled until 31 December 2019.

During 2020, as per the settlement contract dated 2 February 2020, the Group has accepted 14% ownership interest, in one of the SPV named Excellent Opportunities For General Trading and Contracting ("the SPV") formed by the Parent Company by transferring certain liquid assets and a set of liabilities, against the full and final settlement of the Group's Wakala placements, Wakala fees receivables and amounts due to the Parent Company. (Refer Note 9 for 2022 developments).

(Expressed in US Dollars)

11 Investments in real estate held-for-use

		31 December 2022	31 December 2021
North Victoria Limited, Dubai	(a)	24,124,598	24,871,355
Gibson North Limited, Dubai	(a)	11,054,839	11,396,989
Industrial mall in Shwaikh third Area, Kuwait	(b)	8,254,331	8,112,583
		43,433,768	44,380,927

The movement in investments in real estate held-for-use during the year was as follows:

	31 December 2022	31 December 2021
Opening balance	44,380,927	44,586,405
Unrealised foreign exchange translation (losses)/gains during the year	(103,430)	43,002
Net unrealised fair value loss during the year	(843,729)	(248,480)
Closing balance	43,433,768	44,380,927

Investments in real estate held-for-use represent:

a) During 2012, two islands in "The World" project in Dubai were received as part of the settlement of the Murabaha placement with a related party of the Parent Company. The settlement was made by transferring the majority shareholding in two companies to the Group whose principal assets are ownership of real estate. As a result of that, the Group owns shares in the following companies:

	Ownership interest
North Victoria Limited	100%
Gibson North Limited	77.425%

The average of two valuations of these islands amounted to US$73,757,898 obtained by the counterparty as on 31 December 2012 which was higher than the value recorded on settlement. The value of the lands held by these subsidiaries, net of non-controlling interest, were restricted to the net carrying value of the Murabaha (US$35,281,113) prior to settlement i.e. debt carrying value of US$50,986,836 less impairment provision of US$15,705,723. The fair value of these assets as of 31 December 2022 was estimated to be US$35,179,437 as per the independent property valuer, "Rukn Al Zahiah Real Estate". Accordingly, the unrealised fair value loss amounted to US$1,088,907 has been recognised in the consolidated statement of Owners' equity for the year ended 31 December 2022.

Embedded in the settlement contract is a put option which shall subsist and continue indefinitely in favour of the Group. This put option is eligible to be exercised resulting in the purchase of the settlement shares by the counterparty at price equivalent to settlement amount i.e. US$73,757,898. Absolute title to this real estate is held in trust by a third party, while the Group possess the original title deed along with waiver letter from third party declaring the absolute ownership to the Group.

(Expressed in US Dollars)

11 Investments in real estate held-for-use (continued)

b) A cash generating asset (right to use of a property in Kuwait) was received from the Parent Company for the settlement of its overdue first tranche due on 30 June 2013 (Note 10). The fair value of the asset at the date of settlement amounting to US$7,389,163 has been recorded in the books. The management has classified this investment in real estate as held-for-use. The investment properties were valued by "Afaq International Real Estate Co." and "Al Jal Real Estate", independent property valuers as at 31 December 2022 at open market values, which reflected the total average value as at 31 December 2022 amounting to US$8,254,331 (2021: US$8,112,583).

12 Right-of-use asset

	31 December 2022	31 December 2021
Opening balance	165,604	225,824
Amortisation charge for the year (Note 22)	(60,220)	(60,220)
Closing balance	105,384	165,604

13 Property and equipment

	Freehold land	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
Cost					
At 31 December 2020	17,152,390	131,711	403,656	103,448	17,791,205
Additions	-	-	3,134	-	3,134
At 31 December 2021	17,152,390	131,711	406,790	103,448	17,794,339
Additions	-	849	1,548	-	2,397
At 31 December 2022	17,152,390	132,560	408,338	103,448	17,796,736
Accumulated depreciation and impairment					
At 31 December 2020	3,653,716	130,643	397,285	84,484	4,266,128
Charge for the year (Note 22)	-	240	3,625	18,964	22,829
At 31 December 2021	3,653,716	130,883	400,910	103,448	4,288,957
Charge for the year (Note 22)	-	300	3,436	-	3,736
At 31 December 2022	3,653,716	131,183	404,346	103,448	4,292,693
Net book amount					
At 31 December 2022	13,498,674	1,377	3,992	-	13,504,043
At 31 December 2021	13,498,674	828	5,880	-	13,505,382

(Expressed in US Dollars)

13 Property and equipment (continued)

The management intends to build the Group's headquarter on the land which was recorded at fair value of US$13,498,674 in the year it was transferred to the Group.

The freehold land was valued by an independent property valuer as of 31 December 2020, which reflected a fair value amounted to US$13,498,674. Accordingly, the management has recognised an impairment loss amounting to US$3,653,716 as of 31 December 2020.

The Group operates from premises leased at a monthly rental of US$5,491 (2021: US$5,491).

14 Net ijara liability

	31 December 2022	31 December 2021
Maturity analysis – Gross Ijarah liability:		
Less than one year	65,892	65,892
More than one year	49,419	115,311
Total gross Ijarah liability	115,311	181,203

	31 December 2022	31 December 2021
Maturity analysis – Net Ijarah liability:		
Less than one year	62,043	59,023
More than one year	48,607	110,650
Total net Ijarah liability	110,650	169,673

15 Accruals and other payables

	31 December 2022	31 December 2021
Employee accruals	648,017	600,265
Accounts payable and other accruals	93,586	66,698
	741,603	666,963

(Expressed in US Dollars)

16 Share capital

	31 December 2022	31 December 2021
Authorised		
1 Billion (2021: 1 Billion) shares of US$1 each	1,000,000,000	1,000,000,000
Issued and fully paid-up		
200 million (2021: 200 million) shares of US$1 each	200,000,000	200,000,000

Additional information on shareholding pattern **

The names and nationalities of the major shareholders, holding shareholding interest of 5% or more and the number of shares are as follows:

		As at 31 December 2022 and 2021	
	Nationality	Number of shares	Percentage of shareholding Interest
Dar Investment Company *	Kuwaiti	62,000,000	31%
The Investment Dar Holding Company K.S.C.	Kuwaiti	50,000,000	25%
Adam Capital Holding Co. K.S.C. (c) *	Kuwaiti	46,000,000	23%
Adeem Investment & Wealth Management Company	Kuwaiti	26,000,000	13%
Others	Bahraini	16,000,000	8%
		200,000,000	100%

* The Investment Dar Holding Company K.S.C. owns the majority of the shares in these companies and hence is considered to be the Ultimate Parent Company of the Group.

** The shareholding pattern of the Company as per MOICT records in sijilat is different as compared to the Company's register. The management is currently in the process of updating the records in the sijilath and Central Bank of Bahrain ("CBB") .

17 Reserves

(i) Statutory reserve

As per the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Group's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the share capital is set aside. The Group has not transferred any amount during the year to the statutory reserve, as the Group has incurred net losses for the year (2021: US$Nil). The reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law.

(ii) Investments fair value reserve

The revaluation reserve represents the net surplus arising on revaluation of investment securities (Note 9). This reserve is not available for distribution.

(iii) Unrealised foreign currency translation reserve on net investment in foreign operation

Unrealised foreign currency translation reserve on net investment in foreign operation represents unrealised translation gains or losses on net investment in foreign operations. This reserve is not available for distribution.

(iv) Foreign currency translation reserve

Foreign currency translation reserve represents foreign currency translation on investment securities. This reserve is not available for distribution.

(Expressed in US Dollars)

18 Non-controlling interest

	31 December 2022	31 December 2021
Share of investment property in Gibson North Limited	2,495,630	2,572,870

Summarised financial information in relation to the non-controlling interest ("NCI") in a subsidiary, before intra-group eliminations, is presented below:

	Non-controlling interests	
	31 December 2022	31 December 2021
ASSETS		
Non-current assets		
Investment properties	2,495,630	2,572,870
EQUITY		
Share capital	3,547	3,547
Retained earnings	2,492,083	2,569,323
Total equity	2,495,630	2,572,870

19 Restricted investment accounts

	31 December 2022	31 December 2021
Restricted investment accounts	477,307,508	477,307,508

Wakala investments represent amounts received from the investors under Wakala contracts where the Company acts as a Wakil (agent) and are in turn placed investments with the Parent Company and other entities on a Wakala basis.

During the year ended 31 December 2013, the Company terminated Wakala (agency) contracts with certain corporate Wakala clients amounting to US$132,337,041. Consequently, the Company has been released from the responsibility and the clients have a direct relationship with the Parent Company. All contracts pertaining to individual restricted investors and certain corporate Wakala clients have been paid by the Parent Company. Accordingly, the Company has been provided with release letters from those clients. US$453,906,872 is Wakala investments placed with the Parent Company and US$23,400,636 is placed with other party.

Also refer the settlement plan detailed in Note 28 (3).

20 Other income

	Year ended 31 December 2022	Year ended 31 December 2021
Rental income	559,006	519,867
Profit on short term investments	40,847	2,666
Government grants received	12,414	-
Liabilities no longer payable written back	-	3,313
Miscellaneous income	5,889	6,555
	618,156	532,401

(Expressed in US Dollars)

21 Staff costs

	Year ended 31 December 2022	Year ended 31 December 2021
Salaries and benefits	1,461,412	1,499,922
Social insurance expenses	86,881	74,199
	1,548,293	1,574,121

22 Other operating expenses

	Year ended 31 December 2022	Year ended 31 December 2021
General and administration expenses	255,435	334,774
Board expenses	289,639	314,880
Professional fees and expenses	237,546	177,766
Amortisation expense on right-of-use assets (Note 12)	60,220	60,220
Interest expense on net ijara liability	6,869	9,741
Depreciation (Note 13)	3,736	22,829
Staff travel expenses	997	-
	854,442	920,210

23 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the shareholder, key management personnel and their close family members and such other companies over which the Group or its shareholder, key management personnel and their close family members can exercise significant influence or can be significantly influenced by those parties. Transactions with the related parties are authorised by the management.

A significant portion of the Group's income is from Wakala and Murabaha placements, agency fees or wakala fees on providing restrictive investment services are from Parent Company and entities over which the Group exercises significant influence. Although these entities are considered related parties, these transactions are conducted on an arm's length basis at commercial terms and conditions.

A summary of the related party balances is as follows:

	31 December 2022	31 December 2021
Restricted investment accounts		
Wakala deposits with Parent Company and entities related to the Parent Company	453,906,872	453,906,872

(Expressed in US Dollars)

23 Related party transactions and balances

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

	Year ended 31 December 2022	Year ended 31 December 2021
Board sittings and board committee sitting fees	224,138	246,684
Salaries and other short-term benefits	1,175,540	1,105,136

24 Zakah

The total Zakah payable as of 31 December 2022 amounted to US$ 2,258,719 or 1.13 US$ cents per share. The liability towards Zakah is directly borne by the shareholders on distributed profits. The Group does not collect or pay Zakah on behalf of its shareholders.

25 Earnings prohibited by Shari'a

The Group is committed not to recognise any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account from which, the Group uses funds for charitable purposes. During the year, there were no earnings from non-Islamic transactions that are prohibited by Shari'a (2021: US$Nil).

26 Shari'a Supervisory Board

The Group's Shari'a Supervisory Board consists of three Islamic scholars who review the Group's compliance with general Shari'a principles and specific fatwas, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the Group to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

(Expressed in US Dollars)

27 Earnings per share

	Year ended 31 December 2022	Year ended 31 December 2021
Net loss for the year	(1,784,579)	(1,961,930)
Weighted average number of shares outstanding	200,000,000	200,000,000
Loss per share (in US$ cents)	(0.89)	(0.98)

The Group does not have any potentially dilutive ordinary shares; hence the diluted earnings and basic earnings per share are identical.

28 Going concern

1. *Exposure to the Parent Company and related parties of the Group*

The Group has significant exposures with its Parent Company, which has been fully provided has been settled during the year as at 31 December 2020 in exchange of Shares in a newly established SPV by the Parent Company, as per the settlement contract dated 2 February 2020 (Note 10). The implementation of the restructuring plan has further improved the ability to repay its creditors.

2. *Legal cases relating to off-financial position - Restricted investment accounts*

In previous years, the Group accepted from investors under a restricted Wakala (agency) investment contracts and has in turn placed these Wakala investments with its Parent Company and others. As at 31 December 2022, US$477,307,508 (31 December 2021: US$477,307,508) of the restricted investment accounts on Wakala contracts due to institutions was overdue. Under the terms of the Parent Company restructuring plan approved by the Kuwaiti Special Circuit Court of Appeal on 2 June 2011 under the protection of the Kuwait Financial Stability Law, all Wakala contracts relating to individuals and non-regulated companies have been paid by 31 December 2012 and the repayment of remaining Wakala contracts have been scheduled to be repaid over five tranches by 30 June 2017. The Parent Company settled debts amounting to US$31,768,663 during the year 2013. Management has obtained more than one legal opinion which concludes that there is no legal obligation to sell directly any assets owned by the Group in order to meet the Parent Company's commitment. The amount is already disclosed in the consolidated financial statements as an off-balance sheet due to the fact that the amounts are not yet settled by the Parent Company.

3. *Settlement plan - Restricted investment accounts and wakala placements*

During 2019, the Parent Company transferred certain liquid assets and a set of liabilities to five different SPVs' in order to settle the individual creditors. The Company was offered 14% in one of the SPVs as a full and final settlement of its exposures with Parent Company (Note 10). The consideration was agreed based on the valuation prepared by the Parent Company which has resulted in a haircut of approximately 50% of the outstanding balances. The Company accepted the offer and currently the Parent Company are in the process of transferring the shares as per settlement contract dated 2 February 2020, whereas the share transfer process for other creditors be initiating by the Parent Company upon the acceptance of the offer by all the other creditors.

28 Going concern (continued)

4. *Share capital*

The Group has accumulated losses of US$110,883,498 resulting in significant erosion of share capital of the Company as at 31 December 2022.

5. *Conclusion*

These factors raise doubt about the Group's ability to continue to operate as a going concern. However, in light of the aforementioned developments, and Group has no obligation to sell directly any assets owned by the Group or liquidate the Company in order to meet the Parent Company's liabilities. The Board of directors are studying alternative plans of investments and have no intention to liquidate the Company and continue operate as a going concern business. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

29 Financial assets, liabilities and risk management

The principal risks associated with the Group's business are credit risk, market risk (which comprises equity price risk, profit rate risk and currency risk), liquidity risk and operational risk. The Group has a comprehensive risk management framework in place for managing these risks, which is constantly evolving as the business activities change in response to credit, market, product and other developments.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

The principal risks associated with the Group's business and the related risk management processes are commented on as follows:

(Expressed in US Dollars)

29 Financial assets, liabilities and risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Wakala and Murabaha placements and certain other assets.

The Group has put in place policies and procedures for managing credit risks to ensure that risks are accurately assessed, properly approved and regularly monitored. Formal credit limits are applied at counterparty and single obligor level. Overall exposures, including large exposures, are evaluated on a monthly basis to ensure a broad diversification of risk by counterparties and concentration limits by geography and industry.

The carrying amount of financial assets as at 31 December 2022 represents the maximum credit exposure.

Concentration of assets, liabilities, unrestricted and restricted investment accounts

a) Industry sector

				31 December 2022
	Banks and financial institutions	Real estate	Others	Total
Assets				
Cash and cash equivalents	3,259,973	-	-	3,259,973
Short-term investments	4,000,000	-	-	4,000,000
Investment securities	235,632	9,475,766	30,378,021	40,089,419
Total assets	7,495,605	9,475,766	30,378,021	47,349,392
Liabilities				
Accruals and other liabilities	-	-	852,253	852,253
Restricted investment accounts				
Others	477,307,508	-	-	477,307,508

				31 December 2021
	Banks and financial institutions	Real estate	Others	Total
Assets				
Cash and cash equivalents	1,992,580	-	-	1,992,580
Short-term investments	7,000,000	-	-	7,000,000
Investment securities	231,476	22,416,336	-	22,647,812
Total assets	9,224,056	22,416,336	-	31,640,392
Liabilities				
Accruals and other liabilities	-	-	836,636	836,636
Restricted investment accounts				
Others	477,307,508	-	-	477,307,508

(Expressed in US Dollars)

29 Financial assets, liabilities and risk management (continued)

Credit risk (continued)

Concentration of assets, liabilities, unrestricted and restricted investment accounts (continued)

b) Geographic region

				31 December 2022
	Bahrain	Other GCC countries	Europe	Total
Assets				
Cash and cash equivalents	462,136	1,765,434	1,032,403	3,259,973
Short-term investments	-	-	4,000,000	4,000,000
Investment securities	4,248,398	35,841,021	-	40,089,419
Total assets	4,710,534	37,606,455	5,032,403	47,349,392
Liabilities				
Accruals and other liabilities	842,987	9,266	-	852,253
Restricted investment accounts				
Others	-	477,307,508	-	477,307,508

				31 December 2021
	Bahrain	Other GCC countries	Europe	Total
Assets				
Cash and cash equivalents	382,581	1,515,491	94,508	1,992,580
Short-term investments	-	-	7,000,000	7,000,000
Investment securities	4,301,828	18,345,984	-	22,647,812
Total assets	4,684,409	19,861,475	7,094,508	31,640,392
Liabilities				
Accruals and other liabilities	802,387	34,249	-	836,636
Restricted investment accounts				
Others	-	477,307,508	-	477,307,508

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group uses a maturity ladder approach for managing and monitoring the liquidity risk. It is the Group's policy to keep a significant part of its assets in highly liquid assets such as short-term investments.

The following table discloses undiscounted residual contractual maturities of the Group's assets and liabilities except in case of investments in unquoted equity securities, equipment and certain other assets and other liabilities, which are based on management's estimate of realisation.

29 Financial assets, liabilities and risk management (continued)

Liquidity risk (continued)

	Gross undiscounted cash flows as on 31 December 2022 (in US$ '000)						
	Up to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	over 3 years	Overdue	Total
Assets							
Cash and cash equivalents	3,259	-	-	-	-	-	3,259
Short term investments	4,000	-	-	-	-	-	4,000
Other assets / net of prepayments	-	-	-	-	-	45	45
Investment securities	-	-	-	-	40,089	-	40,089
Total assets	7,259	-	-	-	40,089	45	47,393
Liabilities							
Accruals and other liabilities	-	-	-	852	-	-	852
Net liquidity gap	7,259	-	-	(852)	40,089	45	46,541
Restricted investment accounts							
Others	-	-	-	-	453,907	23,401	477,308

	Gross undiscounted cash flows as on 31 December 2021 (in US$ '000)						
	Up to 3 months	3 to 6 months	6 to 12 months	1 to 3 Years	over 3 Years	Overdue	Total
Assets							
Cash and cash equivalents	1,992	-	-	-	-	-	1,992
Short term investments	7,000	-	-	-	-	-	7,000
Other assets / net of prepayments	-	-	-	-	-	4	4
Investment securities	-	-	-	-	22,647	-	22,647
Total assets	8,992	-	-	-	22,647	4	31,643
Liabilities							
Accruals and other liabilities	-	-	-	836	-	-	836
Net liquidity gap	8,992	-	-	(836)	22,647	4	30,807
Restricted investment accounts							
Others	-	-	-	-	453,907	23,401	477,308

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is assessment of the net funding requirements. For this purpose liquid assets include cash and cash equivalents, Wakala placements and short term investments. A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by the Group's regulator, Central Bank of Bahrain.

29 Financial assets, liabilities and risk management (continued)

Management of liquidity risk

The Board of Directors approves significant policies and strategies related to the management of liquidity. The Management reviews the liquidity profile of the Group on a regular basis and any material change in the Group's current or prospective liquidity position is notified to the Board.

The Board sets limits and guidelines and monitors the risk and liquidity profile of the Group on a regular basis.

The day-to-day management of the Group's liquidity is the responsibility of the Executive Management team. Executive Management team ensures that adequate funds are available to meet the maturing obligations and growth in assets while cost is minimised. It also ensures that all limits and guidelines set by the Board are complied with and any adverse development is reported to the Board. Executive Management team also obtains the required exceptional approvals when required as per this policy and manages the relationship with other Companies and financial institutions.

The Board on an ongoing basis reviews the limits set and ensures that the concerned department is complying with all limits set as per this policy. Management team ensures that any adverse development is reported to the people concerned. Whenever exception approvals are required, it is first subject to the review and initial approval of the Executive Management team.

Market Risk

Market risk is the risk that changes in market factors, such as profit rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group'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 optimising the return on risk. The different types of risks with exposures, objectives, policies and processes to manage the risk have been detailed hereunder.

Equity risk

Equity risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The Group has quoted equity investments and has unquoted investments designated fair value through equity.

The effect on fair value through equity reserve (as a result of a change in the net asset value of equity investments) due to a reasonable possible positive change (ie. +5%) in the value of individual investments, with all other variables held constant, is US$ 2,004 thousand (2021: US$ 1,132 thousand).

The effect on consolidated statement of income (as a result of a change in the net asset value of equity investments) due to a reasonable possible negative change (ie. -5%) in the value of individual investments, with all other variables held constant is US$2,004 thousand (2021: US$1,132 thousand), after exhausting the fair value through equity reserve (if any).

Profit rate risk

Profit rate risk arises due to different timing of re-pricing of the Group's assets and liabilities. The Group's significant financial assets and liabilities sensitive to profit rate are short term investments with a bank. The Group's exposure to profit rate risk is limited due to the relatively short-term nature of these financial assets and liabilities. Average profit rate on short term investments during the year fixed at 0.01% (2021: 0.04%).

Currency risk

Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates.

The Group primarily deals in two currencies, namely Bahraini Dinars and Kuwaiti Dinars.

(Expressed in US Dollars)

29 Financial assets, liabilities and risk management (continued)

Currency risk (continued)

The Group has adopted the United States Dollars as its functional currency. In the opinion of the Group's management, the currency risk for any position held in Bahraini Dinar is insignificant since it is pegged to the US dollar.

Sensitivity analysis

Currency	Change in currency rate	Effect on profit 2022 US$	Effect on equity 2022 US$	Effect on profit 2021 US$	Effect on equity 2021 US$
KWD	+/-20%	117,493	117,493	100,899	100,899

The tables above indicate the currencies to which the Group had significant exposure at 31 December 2022 on all its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the US Dollar, with all other variables held constant, on the consolidated income statement. The effect of decreases in currency rate is expected to be equal and opposite to the effect of the increases shown.

Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances. In addition, the Group is committed to recruitment in addition to training of staff.

Capital management

The Group's regulator Central Bank of Bahrain (CBB) sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements CBB requires the Group to maintain a minimum regulatory capital requirements. The Group's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

30 Fair value hierarchy

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

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

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

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

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

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

(Expressed in US Dollars)

30 Fair value hierarchy (continued)

The following table shows an analysis of financial instruments and long dated financials assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 December 2022 and 31 December 2021:

Investments designated at fair value through statement of income	Level 1	Level 2	Level 3	Total
For the year ended 31 December 2022				
Investment securities				
Quoted	5,227,368	-	-	5,227,368
Unquoted Securities	-	34,862,051	-	34,862,051
Investment in real estate held-for-use	-	43,433,768	-	43,433,768
	5,227,368	78,295,819	-	83,523,187
For the year ended 31 December 2021				
Investment securities				
Quoted	2,597,952	-	-	2,597,952
Unquoted Securities	-	20,049,860	-	20,049,860
Investment in real estate held-for-use	-	44,380,927	-	44,380,927
	2,597,952	64,430,787	-	67,028,739

Transfers between Level 1, Level 2 and Level 3

During the year ended 31 December 2022 and 2021 there were no transfers between Level 1 and Level 2, and no transfers into or out of level 3.

31 Subsequent events

There were no significant events subsequent to 31 December 2022 and occurring before the date of signing of the consolidated financial statements that would have a significant impact on these consolidated financial statements.

APPENDIX I

The Group prepares its consolidated financial statements in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as the Company has been licensed by the CBB as an Investment Business Firm - Category 1.

For comparative purposes, the Group has presented its consolidated statement of financial position and consolidated statement of comprehensive income as if it were prepared under International Financial Reporting Standards.

The following comparative differences are reported:

Terminology differences

FAS	IFRS
Wakala placements	Placement with financial institutions
Short term investments	Placement with financial institutions
Investment securities	Financial assets at fair value through other comprehensive income
Investment in real estate held-for-use	Investment properties
Net ijara liability	Lease liability

Restricted Investment Accounts

These represent assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager based on either a Mudaraba contract or a Wakala contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investment account holders. The restricted investment accounts concept does not exist under IFRS.

Revaluation of investment in real estate held-for-use

Under FAS, gains and losses arising from changes in the fair values of investments in real estate held-for-use are included in "the consolidated statement of changes in Owners' equity" in the year in which they arise. Under IFRS, gains and losses arising from changes in the fair values of investments property are included in "the consolidated statement of profit or loss" in the year in which they arise.

(Expressed in US Dollars)

APPENDIX I (continued)

The consolidated statement of financial position is presented below under both FAS and IFRS:

Financial Accounting Standards (FAS)	31 December 2022	International Financial Reporting Standards (IFRS)	31 December 2022
ASSETS		**ASSETS**	
Cash and cash equivalents	3,259,973	Cash and cash equivalents	3,259,973
Prepayments and other assets	91,486	Prepayments and other assets	91,486
Short-term investments	4,000,000	Short-term investments	4,000,000
Investment securities	40,089,419	Financial assets at fair value through other comprehensive Income	40,089,419
Investment in real estate held-for-use	43,433,768	Investment property	43,433,768
Right-of-use asset	105,384	Right-of-use asset	105,384
Property and equipment	13,504,043	Property and equipment	13,504,043
Total assets	104,484,073	Total assets	104,484,073
EQUITY AND LIABILITIES		**EQUITY AND LIABILITIES**	
Liabilities		**Liabilities**	
Net ijara liability	110,650	Lease liability	110,650
Accruals and other payables	741,603	Accruals and other payables	741,603
Total liabilities	852,253	Total liabilities	852,253
Equity		**Equity**	
Share capital	200,000,000	Share capital	200,000,000
Statutory reserve	3,035,339	Statutory reserve	3,035,339
Property fair value reserve	(1,109,790)	Property fair value reserve	-
Fair value reserve	10,914,715	Fair value reserve	10,914,715
Unrealised translation losses on net investment in foreign operations	(694,175)	Unrealised translation losses on net investment in foreign operations	(694,175)
Foreign currency translation reserve	(126,401)	Foreign currency translation reserve	(126,401)
Accumulated losses	(110,883,498)	Accumulated losses	(111,993,288)
	101,136,190		101,136,190
Non-controlling interest	2,495,630	Non-controlling interest	2,495,630
	103,631,820		103,631,820
Total liabilities and equity	104,484,073	Total liabilities and equity	104,484,073

(Expressed in US Dollars)

APPENDIX I (continued)

The consolidated income statement is presented below under both FAS and IFRS:

Financial Accounting Standards	31 December 2022	International Financial Reporting Standards	31 December 2022
Income		**Income**	
Other income	618,156	Other income	618,156
Expenses		**Expenses**	
Staff costs	(1,548,293)	Staff costs	(1,548,293)
Other operating expenses	(854,442)	Other operating expenses	(854,442)
		Unrealised fair value loss on investment properties	(843,729)
Total expenses	(2,402,735)	**Total expenses**	(3,246,464)
Net loss for the year	(1,784,579)	**Net loss for the year**	(2,628,308)
Basic and diluted loss per share (in US cents)	(0.89)	**Basic and diluted loss per share (in US cents)**	(0.01)

There is no concept of other comprehensive income under FAS. If the Group's consolidated financial statements were prepared under IFRS, the statement of other comprehensive income will be as follows:

IFRS	31 December 2022
Net loss for the year	(2,628,308)
Other comprehensive income for the year	
Foreign currency translation gain	130,453
Unrealised foreign currency translation loss on net investment in foreign operations	(118,484)
Unrealised fair value gain on financial assets at FVTOCI	17,308,026
Other comprehensive income for the year	17,319,995
Total comprehensive income for the year	14,691,687