GBCORP B.S.C. (c)

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

Commercial registration	:	65708-1
Registered Office	:	Flat / Shop No. 1101 P.O. Box: 1486 Building 1411, Road 4626 Block 346, Manama/ Sea Front Kingdom of Bahrain
Directors	:	Hesham Ahmed Al Rayes Isa Abdulla Zainal Eyad Yousuf Sater Salah Abdulla Sharif Syed Rehan Ashraf Majed Abdulla Al Khan Yazen Ghassan AlKhudairy (till 11 January 2024)
Parent Company	:	GFH Financial Group B.S.C.
Bankers	:	Khaleeji Bank B.S.C. National Bank of Kuwait Al Salam Bank Bahrain Islamic Bank Kuwait Finance House
Auditor	:	KPMG Fakhro, Bahrain

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GBCORP B.S.C. (c)

BOARD OF DIRECTORS REPORT
For the year ended 31 December 2023

In the name of Allah, the Beneficent, the Merciful, Prayers and Peace upon the Last Apostle and Messenger, Our Prophet Mohammad

On behalf of the Board of Directors of GBCORP B.S.C (c) ("GBCORP"), I am pleased to present to you the financial statements of GBCORP for the financial year ended 31 December 2023.

GBCORP's total operating income for the financial year ended 31 December 2023 was US$ 5.9 million and total expenses amounted to US$ 3.0 million. Thus, the net profit of GBCORP is US$ 2.9 million for the year ended as on 31 December 2023 as compared to net profit of US$ 6.6 million in 2022. GBCORP's total assets increased to US$ 37.2 million compared to US$ 33.8 million in 2022.

In line with Article 188 of the Commercial Companies Law No. (21) for the year 2001, the Board of Directors and executive management remuneration are as follows:

First: Board of directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors:													
1- Isa Zainal	5,000	5,372	-	-		-	-	-	-	-	-	10,372	-
2- Eyad Sater	5,000	5,372	-	-		-	-	-	-	-	-	10,372	-
Second: Non-Executive Directors: Not Applicable													
Third: Executive Directors:													
1- Hesham Al Rayes	5,000	2,639	-	-	-	-	-	-	-	-	-	7,639	-
2- Salah Sharif	5,000	2,639	-	-	-	-	-	-	-	-	-	7,639	-
3- Syed Ashraf	5,000	2,074	-	-	-	-	-	-	-	-	-	7,074	-
4- Majed Al Khan	5,000	2,639	-	-	-	-	-	-	-	-	-	7,639	-
5- Talal Al Mahroos (till June 2023)	-	1,885	-	-	-	-	-	-	-	-	-	1,885	-
6. Yazen AlKhudairy (till January 2024)	5,000	1,697	-	-	-	-	-	-	-	-	-	6,697	-
Total	**35,000**	**24,317**	-	-	-	-	-	-	-	-	-	**59,317**	-

All amounts in Bahraini Dinars.
Note: Proposed Board of directors' remuneration is subject to approval of Ministry of Industry and Commerce ("MOIC") and shareholders.

BOARD OF DIRECTORS REPORT (continued)
For the year ended 31 December 2023

Second: Executive management remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Remuneration for executives, including Acting CEO and Senior Financial Officer	396,524	18,640	-	415,164
All amounts in Bahraini Dinars. **Note:** Executive management remuneration represents the remuneration for all (top 6) executives of GBCORP.				

GBCORP implemented new business strategy in order to achieve sustainable growth and enhance shareholder value generation opportunities in the years ahead.

The Board of Directors would like to take this opportunity to express its sincere appreciation to our shareholders, clients and strategic partners for their continued support, trust and faith in our management and staff during this time of uncertainty. The Board of Directors also wishes to thank our Sharia Supervisory Board and the Central Bank of Bahrain, for their constructive assistance and advice. This is immensely encouraging in helping us building towards long- term success.

Hesham Ahmed Al Rayes
Chairman
07 February 2024

GBCORP

جي بي كورب
ش.م.ب (مقفلة)

In the name of Allah, the Beneficent, the Merciful
All Praise is due to Allah, Prayers and Peace upon the Last Apostle and Messenger,
Our Prophet Muhammad

Sharia Supervisory Board's Report on the Activities of GBCORP B.S.C(C) ("GBCORP") for the fiscal year ended 31 December 2023.

Dear GBCORP Shareholders,
Peace and Mercy of God be Upon You,

With reference to the mandate assigned to me, Sharia Supervisory Board is pleased to present the following report:

Sharia Supervisory Board have reviewed the principles and contracts related to transactions carried out by GBCORP during the fiscal year ended 31 December 2023. The review was conducted to render an opinion on whether GBCORP had followed the principles and provisions of Islamic regulations, specific guidance and Fatwas issued by Sharia Supervisory Board. While GBCORP holds the responsibility to ensure that its operations are completed in accordance with Sharia regulations that emanate from Sharia Supervisory Board, the responsibility of Sharia Supervisory Board is limited to state and express an opinion on GBCORP's operations and submit it to the shareholders.

Sharia Supervisory Board have conducted the review which included examining on a test basis of each type of transaction, the relevant documentation and procedure adopted by GBCORP. In the opinion of Sharia Supervisory Board:

1. The contracts and operations of GBCORP are in compliance with the provisions and principles of Sharia for the year ended 31 December 2023.
2. GBCORP's distribution of profits and transfer of losses related to investment accounts are compatible with the provisions and principles of Islamic regulations.
3. There are no proceeds from sources that are not compatible with the principles and provisions of Islamic law.
4. Zakah calculations are in accordance with the regulations and standards of Sharia.

And Allah is the source of strength

On behalf of the Sharia Supervisory Board

Sheikh Abdulaziz Al Qassar

Sheikh Fareed Hadi

10 Shaban 1445 Hijri
20 February 2024

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CR No. 6220 - 2

Independent auditors' report

To the Shareholders of

GBCORP B.S.C. (c)
P.O. Box 1486
Manama Sea Front,
Kingdom of Bahrain

Opinion

We have audited the accompanying consolidated financial statements of GBCORP B.S.C. (c) (the "Company"), and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of income, changes in equity, and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

In our opinion, the Group has also complied with the Islamic Shariah Principles and Rules as determined by the Group's Shariah Supervisory Board during the year ended 31 December 2023.

Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions ("ASIFIs") issued by AAOIFI. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions and International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (together "the Code"), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is the Board of Directors report set out on pages 1-2.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the Group's undertaking to operate in accordance with Islamic Sharia Rules and Principles as determined by the Group's Shariah Supervisory board.

The board of directors is also responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ASIFIs 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 ASIFIs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Report on Other Regulatory Requirements

As required by the Commercial Companies Law 2001 (as amended) and Volume 4 of the Rulebook issued by the Central Bank of Bahrain, we report that:

a) the Company 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) we are not aware of any violations during the year of the Commercial Companies Law, the CBB and Financial Institutions Law No. 64 of 2006 (as amended), the CBB Rule Book (Volume 4, applicable provisions of Volume 6 and CBB directives) or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
d) satisfactory explanations and information have been provided to us by management in response to all our requests.

KPMG

KPMG Fakhro
Partner Registration Number 137
20 February 2024

GBCORP B.S.C. (c)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

US$ 000's

	Note	**31 December 2023**	31 December 2022
ASSETS			
Bank balances and placements with financial institutions	4	10,403	11,551
Other assets	5	4,801	7,960
Investment security	6	4,753	-
Investment property	7	17,194	14,082
Right-of-use (usufruct) asset	8	91	228
Total assets		**37,242**	33,821
LIABILITIES			
Accruals and other liabilities	10	1,121	448
Ijarah liability net	8	66	219
Total liabilities		**1,187**	667
EQUITY			
Share capital	12	13,144	13,144
Statutory reserve		2,254	1,964
Voluntary reserve		799	799
Retained earnings		19,858	17,247
Total equity		**36,055**	33,154
Total liabilities and equity		**37,242**	33,821

The consolidated financial statements were approved by the Board of Directors on 07 February 2024 and signed on its behalf by:

Hesham Ahmed Al Rayes
Chairman

Isa Abdulla Zainal
Vice Chairman

Mohamed Ahmed Buhajeeh
Acting Chief Executive Officer

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

GBCORP B.S.C. (c)

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2023

US$ 000's

	Note	2023	2022
Income from investment management services	16	3,654	3,741
Income from advisory services		1,244	-
Income from placements with financial institutions		525	398
Other income	11	512	298
Total income		**5,935**	4,437
Staff Cost	13	1,932	803
Legal and professional expenses		511	424
Premises costs		177	100
Amortization of right-of-use (usufruct) asset	8	137	137
Depreciation on property and equipment		13	17
Other operating expenses	14	233	135
Total expenses		**3,003**	1,616
Profit for the year before impairment		**2,932**	2,821
(Allowances) / Reversal for credit losses, net	4,5	(31)	3,812
Profit for the year		**2,901**	6,633

Hesham Ahmed Al Rayes
Chairman

Isa Abdulla Zainal
Vice Chairman

Mohamed Ahmed Buhajeeh
Acting Chief Executive Officer

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

US$ 000's

31 December 2023	**Share capital**	**Statutory reserve**	**Voluntary reserve**	**Retained earnings**	**Total**
Balance at 1 January 2023	13,144	1,964	799	17,247	33,154
Profit for the year	-	-	-	2,901	2,901
Transfer to statutory reserve	-	290	-	(290)	-
Balance at 31 December 2023	**13,144**	**2,254**	**799**	**19,858**	**36,055**

31 December 2022	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at 1 January 2022	13,144	1,301	799	11,277	26,521
Profit for the year	-	-	-	6,633	6,633
Transfer to statutory reserve	-	663	-	(663)	-
Balance at 31 December 2022	13,144	1,964	799	17,247	33,154

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

GBCORP B.S.C. (c)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023 US$ 000's

	Note	2023	2022
OPERATING ACTIVITIES			
Profit for the year		2,901	6,633
Adjustments for:			
Depreciation		13	17
Amortization of right-of-use (usufruct) asset	8	137	137
Expense related to Ijarah	14	8	17
Allowances / (Reversal) for credit losses, net	4,5	31	(3,812)
Operating income before changes in operating assets and Liabilities		3,090	2,992
Changes in operating assets and liabilities:			
Placements with financial institutions with original maturity of more than 90 days		1,836	(5,826)
Other assets		3,117	4,927
Right-of-use (usufruct) asset		-	30
Ijarah liability		-	(35)
Accruals and other liabilities		673	(42)
Net cash from operating activities		**8,716**	2,046
INVESTING ACTIVITIES			
Additions to investment property	7	(3,112)	(8,814)
Additions to investment security	6	(4,753)	-
Net cash used in investment activities		**(7,865)**	(8,814)
FINANCING ACTIVITY			
Payment of Ijarah Liability	8	(161)	(161)
Net cash used in financing activities		**(161)**	(161)
Net increase / (decrease) in cash and cash equivalents		**690**	(6,929)
Cash and cash equivalents at 1 January		961	7,890
Cash and cash equivalents at 31 December		**1,651**	961

Cash and bank balances		65	54
Placements with financial institutions (with maturity less than 90 days)		1,586	907
Cash and cash equivalents at 31 December		**1,651**	961

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

1 REPORTING ENTITY

GBCORP B.S.C. (c) (the "Company") is a closed joint stock company incorporated in the Kingdom of Bahrain on 25 June 2007 under the Commercial Companies Law and is registered with the Ministry of Industry and Commerce ("MOIC") under Commercial Registration (CR) number 65708-1. The Company is subsidiary of GFH Financial Group B.S.C. (the "Parent").

The Company's activities are regulated by the CBB under Volume 4 Category 1 Investment Business Firm (Islamic Principles) and supervised by a Shari'a Supervisory Board comprising of one Islamic scholar. The principal activities of the Company are fund management activities which include:

- Dealing in financial instruments as principal (including underwriting);
- Dealing in financial instruments as agent;
- Arranging deals in financial instruments;
- Managing financial instruments;
- Safeguarding financial instruments (i e Custodian);
- Advising on financial instruments; and
- Operating a Collective Investment Undertaking (i.e. an operator).

The Company had the following wholly owned subsidiaries registered in Bahrain, none of which is listed, as at the current and the comparative reporting dates:

Name of the entity	Nature of business
Diyafa Holdings Company W.L.L.	Activities of holding Companies
Global Executive Offices Company W.L.L.	Providing, operation, leasing and equipping offices
Al Areen Downtown Real Estate Development Co. W.L.L	Real estate activities with own or leased property
Skyline R.E. Assets W.L.L.	Real estate activities with own or leased property

The consolidated financial statements comprise the Company and its subsidiaries (together the "Group") and all group entities operates in the Kingdom of Bahrain.

Going concern
The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2 BASIS OF PREPARATION

a) Statement of compliance
The consolidated financial statements have been prepared in accordance with the Financial Accounting Standards ("FAS") 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 Board of the Group, the Commercial Companies Law, the CBB Rule Book (Volume 4 and applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions and the terms 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 ("IFRS") issued by International Accounting Standards Board ("IASB").

b) Basis of measurement
The consolidated financial statements have been prepared under the historical cost convention.

2 *BASIS OF PREPARATION (continued)*

c) Functional and presentation currency

The Company's functional currency is Bahraini Dinars ("BD") and the presentation currency is United States Dollars ("US$"). All the values are rounded to the nearest US$ '000, unless otherwise indicated.

d) Significant assumptions, Judgements and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas that involve a higher degree of judgment or complexity, or areas where assumptions or estimates have a significant risk of resulting in a material adjustment to the amounts recognised in the consolidated financial statements are as follows:

Impairment of investment property

The carrying amounts of the Group's investment property is reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management identifies any evidence from internal reporting indicating impairment of an investment property or if there are significant adverse changes in the market that could have an adverse effect. If such indication exists, then management performs an impairment test. The determination of recoverable amounts require management to make significant judgments, estimations and assumptions.

e) New standards, amendments, and interpretations issued and effective for annual periods beginning on or after 1 January 2023

(i) FAS 39 Financial Reporting for Zakah

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

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

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

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

The Group does not have any obligation to pay Zakah as per its constitutional documents (memorandum and article of association). The Group has adopted this standard and has provided the necessary additional disclosures in its consolidated financial statements (refer note 20).

2 *BASIS OF PREPARATION (continued)*

(ii) FAS 44 Determining Control of Assets and Business
AAOIFI has issued FAS 44 "Determining Control of Assets and Business" on 31 December 2023, applicable with immediate effect. The objective of this standard is to establish clear and consistent principles for assessing whether and when an institution controls an asset or a business, both in the context of participatory structures and for consolidation purposes.

This standard is applicable to all Islamic financial institutions ("IFIs") and entities who are party to the Sharia compliant transactions and structures (as allowed by the respective regulatory and reporting framework). This standard covers both on-balance sheet and off-balance sheet arrangements, including participatory structures like mudaraba, musharaka, and sukuk. The assessment of control is relevant across various accounting policies of the Group, including but not limited to consolidation of subsidiaries, recognition and de-recognition of various financial assets and participatory investment structures.

The Group has assessed the revised framework for control assessment provided by FAS 44 and does not expect any significant impact on its previously assessed control conclusions on the adoption of this standard. However, the Groups accounting policies and disclosures have been revised to be consistent with the revised definitions and principles clarified under FAS 44.

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

(i) FAS 1 General Presentation and Disclosures in the Financial Statements
AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

Some of the significant revisions to the standard are as follows:
a) Revised conceptual framework is now integral part of the AAOIFI FAS's;
b) Definition of Quassi equity is introduced;
c) Definitions have been modified and improved;
d) Concept of comprehensive income has been introduced;
e) Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
f) Disclosure of Zakah and Charity have been relocated to the notes;
g) True and fair override has been introduced;
h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
i) Disclosures of related parties, subsequent events and going concern have been improved;
j) Improvement in reporting for foreign currency, segment reporting;
k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status, effective date an amendments to other AAOIFI FAS's; and
l) The illustrative financial statements are not part of this standard and will be issued separately.

The Group is assessing the impact of adoption of this standard and expects changes in certain presentation and disclosures in its consolidated financial statement in line with the wider market practice.

2 *BASIS OF PREPARATION (continued)*

(ii) FAS 46 Off-Balance-Sheet Assets Under Management
AAOIFI has issued Financial Accounting Standard ("FAS") 46 "Off-Balance-Sheet Assets Under Management" during 2023. The objective of this standard is to establish principles and rules for recognition, measurement, disclosure, and derecognition of off-balance-sheet assets under management, based on Shari'a and international best practices. The standard aims to improve transparency, comparability, accountability, and governance of financial reporting related to off-balance-sheet assets under management.
This standard is applicable to all IFIs with fiduciary responsibilities over asset(s) without control, except for the following:
- The participants' Takaful fund and / or participants' investment fund of a Takaful institution; and
- An investment fund managed by an institution, being a separate legal entity, which is subject to financial reporting in line with the requirements of the respective AAOIFI FAS.

This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

(iii) FAS 47 Transfer of Assets Between Investment Pools
AAOIFI has issued Financial Accounting Standard ("FAS") 47 "Transfer of Assets Between Investment Pools" during 2023. The objective of this standard is to establish guidance on the accounting treatment and disclosures for transfers of assets between investment pools that are managed by the same institution or its related parties. The standard applies to transfers of assets that are not part of a business combination, a disposal of a business, or a restructuring of an institution.

The standard defines an investment pool as a group of assets that are managed together to achieve a common investment objective, such as a fund, a portfolio, or a trust. The standard also defines a transfer of assets as a transaction or event that results in a change in the legal ownership or economic substance of the assets, such as a sale, a contribution, a distribution, or a reclassification.

The transfer of assets between investment pools should be accounted for based on the substance of the transaction and the terms and conditions of the transfer agreement. The standard classifies transfers of assets into three categories: transfers at fair value, transfers at carrying amount, and transfers at other than fair value or carrying amount. The standard also specifies the disclosure requirements for transfers of assets between investment pools.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

g) New standards early adopted

The Group did not early adopted any new standards.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set below. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation

i) Subsidiaries

The Company's subsidiaries are entities controlled by the Company. Group controls an asset or business, when it has substantially all risks and rewards incidental to ownership of such asset or business, duly meeting both the following conditions:

a. It is directly exposed to, and has rights to, variable returns (negative and positive, respectively) from its involvement with such assets or business; and

b. It has the ability to affect those returns through its power over the assets or business.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and continue to be consolidated until the date when such control ceases.

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or investment transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. The assessment of whether the Group has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Group and the SPE. Where the Group's voluntary actions, such as lending amounts in excess of existing liquidity facilities or extending terms beyond those established originally, change the relationship between the Group and an SPE, the Group performs a reassessment of control over the SPE.

The Group in its fiduciary capacity manages and administers assets held in trust and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity so as to obtain benefits from its activities. Information about the Group's fiduciary assets under management is set out in note 16.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements of the Group.

b) Foreign currency transactions

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency (BD) is converted to the presentation currency (US$) using a pegged exchange rate of 0.377.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency using the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the date of the consolidated statement of financial position. All differences are taken to the consolidated statement of income.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

b) Foreign currency transactions (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange gains and losses on non-monetary items classified as "fair value through statement of income" are taken to the consolidated statement of income and for items classified as "fair value through equity" such differences are taken to the consolidated statement of comprehensive income.

Group companies

The group companies' functional currencies are either denominated in US Dollars or currencies that are pegged to the US Dollars, and hence, the translation of the financial statements of such entities that have a functional currency different from the presentation currency do not result in any exchange differences.

c) Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash, bank balances and short-term highly liquid assets (placements with financial and other institutions) with original maturities of less than 90 days when acquired, which are subject to insignificant risk of changes in fair value and are used by the Group in the management of its short-term commitments.

d) Placements with financial institutions

Wakala placements

These comprise interbank placements made under Shari'a compliant contracts. Placements are usually short-term and less than one year in nature and are stated at amortised cost.

Mudarabah investment account (unrestricted)

Mudarabah is a partnership between two parties, where one party provides the capital (Rab al Maal), and the other one possesses the necessary skills and expertise to manage such capital (Mudarab), for a pre- determined share of profit. These are stated at the fair value of consideration given less provision for impairment, if any.

Murabaha investment

Murabaha represents the sale of goods at cost plus an agreed profit. Murabaha receivables are stated net of deferred profits, any amounts written off and provision for impairment, if any. Promise made in the Murabaha to the purchase orderer is not obligatory upon the customer.

e) Investment properties

Investment property represents land. Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the course of business, use in the production or supply of goods or services or for administrative purposes. The Group follows the cost model to measure its investment property and carries it at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Land is not depreciated.

f) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Depreciation on equipment is computed using the straight-line method to write off the cost of the assets over their estimated useful lives ranging from three to five years. Land is not depreciated.

Derecognition of property and equipment

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

g) Ijarah

Identifying an Ijarah

At inception of a contract, the Group assesses whether the contract is Ijarah, or contains an Ijarah. A contract is Ijarah, or contains an Ijarah if the contract transfers the usufruct (but not control) of an identified asset for a period of time in exchange for an agreed consideration. For Ijarah contracts with multiple components, the Group accounts for each Ijarah component within a contract separately from non-Ijarah components of the contract (e.g. service fee, maintenance charges, toll manufacturing charges etc.).

Measurement

For a contract that contains an Ijarah component and one or more additional Ijarah or non-Ijarah components, the Group allocates the consideration in the contract to each Ijarah component on the basis of relative stand-alone price of the Ijarah component and the aggregate estimated stand-alone price of the non-Ijarah components, that may be charged by the lessor, or a similar supplier, to the lessee.

At the commencement date, a lessee shall recognise a right-of-use (usufruct) asset and a net ijarah liability.

Right-of-use (usufruct) asset

On initial recognition, the lessee measures the right-of-use asset at cost. The cost of the right-of-use asset comprises of:

- the prime cost of the right-of-use asset;
- initial direct costs incurred by the lessee; and
- dismantling or decommissioning costs.

The prime cost is reduced by the expected terminal value of the underlying asset. If the prime cost of the right-of-use asset is not determinable based on the underlying cost method (particularly in the case of an operating Ijarah), the prime cost at commencement date may be estimated based on the fair value of the total consideration paid/ payable (i.e. total Ijarah rentals) against the right-of-use assets, under a similar transaction. As per the group's assessment, at the time of implementation the fair value of right-of-use assets are equal to the net Ijarah liability.

After the commencement date, the lessee measures the right-of-use asset at cost less accumulated amortisation and impairment losses, adjusted for the effect of any Ijarah modification or reassessment.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

g) Ijarah (continued)

The Group amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of-use asset, according to a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset. The amortizable amount comprises of the right-of-use asset less residual value, if any.

The Group determines the Ijarah term, including the contractually binding period, as well as reasonably certain optional periods, including:

- extension periods if it is reasonably certain that the Group will exercise that option; and/ or
- termination options if it is reasonably certain that the Group will not exercise that option.

Advance rentals paid are netted-off with the gross Ijarah liability.

The Group carries out impairment assessment to determine whether the right-of-use asset is impaired and to account for any impairment losses. The impairment assessment takes into consideration the salvage value, if any. Any related commitments, including promises to purchase the underlying asset, are also considered.

Net ijarah liability

The net ijarah liability comprises of the gross Ijarah liability, plus deferred Ijarah cost (shown as a contra-liability).

The gross Ijarah liability is initially recognised as the gross amount of total Ijarah rental payables for the Ijarah term. The rentals payable comprise of the following payments for the right to use the underlying asset during the Ijarah term:

- fixed Ijarah rentals less any incentives receivable;
- variable Ijarah rentals including supplementary rentals; and
- payment of additional rentals, if any, for terminating the Ijarah (if the Ijarah term reflects the lessee exercising the termination option).

Variable Ijarah rentals are Ijarah rentals that depend on an index or rate, such as payments linked to a consumer price index, financial markets, regulatory benchmark rates, or changes in market rental rates. Supplementary rentals are rentals contingent on certain items, such as additional rental charge after provision of additional services or incurring major repair or maintenance.

After the commencement date, the Group measures the net Ijarah liability by:

- increasing the net carrying amount to reflect return on the Ijarah liability (amortisation of deferred Ijarah cost)
- reducing the carrying amount of the gross Ijarah liability to reflect the Ijarah rentals paid
- re-measuring the carrying amount in the event of reassessment or modifications to Ijarah contract, or to reflect revised Ijarah rentals.

The deferred Ijarah cost is amortised to income over the Ijarah terms on a time proportionate basis, using the effective rate of return method. After the commencement date, the Group recognises the following in the income statement:

- amortisation of deferred Ijarah cost; and
- Variable Ijarah rentals (not already included in the measurement of Ijarah liability) as and when the triggering events/ conditions occur.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*
g) Ijarah (continued)

Ijarah contract modifications
After the commencement date, the Group accounts for Ijarah contract modifications as follows:
- change in the Ijarah term: re-calculation and adjustment of the right-of-use asset, the Ijarah liability, and the deferred Ijarah cost; or
- change in future Ijarah rentals only: re-calculation of the Ijarah liability and the deferred Ijarah cost only, without impacting the right-of-use asset.

An Ijarah modification is considered as a new Ijarah component to be accounted for as a separate Ijarah for the lessee, if the modification both additionally transfers the right to use of an identifiable underlying asset and the Ijarah rentals are increased corresponding to the additional right-of-use asset.

For modifications not meeting any of the conditions stated above, the Group considers the Ijarah as a modified Ijarah as of the effective date and recognises a new Ijarah transaction. The Group recalculates the Ijarah liability, deferred Ijarah cost, and right-of-use asset, and de-recognise the existing Ijarah transaction and balances.

Expenses relating to underlying asset
Operational expenses relating to the underlying asset, including any expenses contractually agreed to be borne by the Bank, are recognised by the Bank in income statement in the period incurred. Major repair and maintenance, takaful, and other expenses incidental to ownership of underlying assets (if incurred by lessee as agent) are recorded as receivable from lessor.

Recognition exemptions and simplified accounting for the lessee
The Group has elected not to apply the requirements of Ijarah recognition and measurement of recognizing right-of-use asset and Ijarah liability for the following:
- short-term Ijarah; and
- Ijarah for which the underlying asset is of low value.

Short-term Ijarah exemption can be applied on a whole class of underlying assets if they have similar characteristics and operational utility. However, low-value Ijarah exemption can only be applied on an individual asset/ Ijarah transaction, and not on group/ combination basis.

h) Financial assets

Initial recognition
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through equity, and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables, that do not contain a significant financing component, or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through equity, it needs to give rise to cash flows that are 'Solely Payments of Principal and Profit (SPPP)' on the principal amount outstanding. This assessment is referred to as the SPPP test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*
h) Financial assets (continued)

Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the Effective Profit Rate (EPR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include bank balances and placements with financial institutions.

Financial assets at fair value through equity (equity instruments)
Investment security comprises investments in equity security. Investment security exclude investments in subsidiaries.

Investment shall be measured at fair value through income statement unless it is measured at amortised cost in accordance with paragraph 7 or at fair value through equity in accordance with paragraph 8 or if irrevocable classification choices at initial recognition are applied in line with paragraph 10 of FAS 33. The Group designated its investment in equity security in line with requirement of FAS 33" Investment in Sukuk, Shares and Similar Instruments" as fair value through equity.

Irrevocable classification at initial recognition
On initial recognition, a Group may make an irrevocable election to designate a particular investment at initial recognition being an equity type instrument that would otherwise be measured at fair value through income statement – to present subsequent changes in fair value in equity.

Subsequent to initial recognition, investments carried at FVTIS and FVTE are re-measured to fair value. Gains and losses arising from a change in the fair value of investments carried at FVTIS are recognised in the income statement in the period in which they arise. Gains and losses arising from a change in the fair value of investments carried at FVTE are recognised in the consolidated statement of changes in equity and presented under "Investments fair value reserve" within equity. When the investments carried at FVTE are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the statement of changes in equity is transferred to the income statement.

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

Derecognition of financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) the rights to receive cash flows from the asset have expired; or
(b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;

- the Group has transferred substantially all the risks and rewards of the asset, or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*
h) Financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for ECLs for all non-listed debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective profit rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Investments carried at fair value through equity will be tested for impairment at each reporting period in accordance with FAS 30 "impairment, credit losses and onerous commitments".

i) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include accounts payable and accrued expenses.

Subsequent measurement
Liabilities for accounts payable and accruals are carried at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*
i) Financial liabilities (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

j) Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable or religious right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

k) Dividends to shareholders
Dividends to shareholders are recognised as liabilities in the period in which they are declared.

l) Share capital
The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity instruments of the group comprise ordinary shares.

m) Statutory reserve
The Commercial Companies Law, 2001 (BCCL) requires that 10 percent of the annual net profit be appropriated to a statutory reserve after adjustment of accumulated losses which is normally distributable only on dissolution or in circumstances state in the BCCL subject to the approval of the CBB. Appropriations may cease when the reserve reaches 50 percent of the paid up share capital.

n) Voluntary reserve
Voluntary reserve was created against the issued and paid up share capital of the Company, as part of the capital reduction process approved by the Company's shareholders and Central Bank of Bahrain. The reserve carries no restriction on its distribution.

o) Revenue recognition

Income from investment management services
Income from investment management services is recognised as per signed contracts over time when earned and the related services are performed and there is no uncertainty on its collectability or any constraint on variable consideration.

Income from investment advisory services
Income from investment advisory services is recognised as per signed contracts over time when earned and the related services are performed and there is no uncertainty on its collectability or any constraint on variable consideration.

Income from placements with financial and other institutions
Income from placements with financial and other institutions is recognised on a time-apportioned basis over the period of the related contract.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

o) Revenue recognition (continued)

Mudarabah investment

Income on Mudarabah transactions is recognised when the right to receive such income is established or these are declared by the Mudarab, whichever is earlier. In case of losses on Mudarabah, the Company's share of loss is recognised to the extent that such losses are being deducted from its share of the Mudarabah capital.

Dividend income

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

p) Earnings prohibited by Shari'a

The Group is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account where the Company uses these funds for charitable means.

q) Zakah

The Group is not required to pay Zakah on behalf of its shareholders on its undistributed profits. However, the Group is required to calculate and notify, under a separate report, the individual shareholders, of their pro-rata share of the Zakah payable by them on distributed profits. These calculations are approved by the Group's Shari'a Supervisory Board.

r) Employee benefits

Short-term benefits

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

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Post employment benefits

Pensions and other social benefits for Bahraini employees are covered by the General Organisation for Social Insurance scheme and to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. Contributions by the Company are recognised as an expense in consolidated statement of income when they are due.

Certain employees on fixed contracts are also entitled to leaving indemnities, payable based on length of service and final remuneration. Provision for this unfunded commitment has been made by calculating the notional liability had all employees left at the reporting date.

s) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

For the year ended 31 December 2023 US$ 000's

4 BANK BALANCES AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	31 December 2023	31 December 2022
Cash and bank balances	65	54
Wakala placements (i)	3,830	2,853
Mudarabah placement (ii)	1,204	707
Murabaha investment (iii)	5,306	7,958
	10,405	11,572
Less: provision for expected credit loss	(2)	(21)
Bank balances and placements with financial institutions in the consolidated statement of financial position	**10,403**	11,551
Less: Placements with original maturities of 90 days or more	(8,752)	(10,590)
Cash and cash equivalents in the consolidated statement of cash flows	**1,651**	961

i) These are Wakala based accounts with maturities of up to one year and an average profit rate of 3.42% (2022: 3.50%).

ii) These are Mudarabah investment accounts maintained with locally incorporated banks with maturity less than 90 days and an average profit rate of 3.71% (2022: 2.85%).

iii) These are Murabaha investment accounts maintained with a locally incorporated bank with maturity of up to one year and an average profit rate of 5.61% (2022: 3.77%).

5 OTHER ASSETS

	31 December 2023	31 December 2022
Receivable from tenants	20	8
Advisory services receivable	1,360	-
Management fee receivable*	3,065	6,959
Project costs recoverable*	94	801
	4,539	7,768
Less: provision for expected credit losses	(50)	(13)
	4,489	7,755
Other receivables and prepayments	292	193
Equipment and Furniture, net	20	12
	4,801	7,960

*Subsequent to the year end, the Group has signed in-kind settlement agreement with Boulevard Al Areen Real Estate Development ("Al Areen") and Marsa Al Seef Investment Company Limited ("Marsa") related to management fee and project costs receivables. Accordingly, the Group has agreed to receive a plot of land from Marsa and stake of 2.1% in equity shares of Al Areen Down Town Real Estate Development Co. WLL ("AADT") from Al Areen, for equivalent value of receivables of US$ 3,159 thousand. Since the legal formalities for the transfer of the title of the plot and equity shares has not yet been completed, the management fee and project costs recoverable has not been derecognized as at the reporting date. Based on these settlements, the management has specifically assessed that no provision for impairment will be required for balance receivables from both the parties as on the reporting date.

For the year ended 31 December 2023 US$ 000's

5 *OTHER ASSETS (continued)*

Movements on impairment provisions relating to receivables:

	2023	2022
Balance at 1 January	13	3,811
Allowance / (Reversal) for the year – net	50	(3,798)
Write-off during the year	(13)	-
At 31 December	**50**	13

6 INVESTMENT SECURITY

	31 December 2023	31 December 2022
At fair value through equity	-	-
Unquoted equity security	4,753	-
At 31 December	**4,753**	-

	2023	2022
At 1 January	-	-
Additions during the year	4,753	-
At 31 December	**4,753**	-

In previous year, the Group signed in-kind settlement agreement with Boulevard Al Areen Real Estate Development ("Al Areen") related to management fee and project costs receivables and agreed to receive a stake of 9.7% in equity shares of AADT with fair value of US$ 4,753 thousand from Al Areen against equivalent value of receivables of US$ 4,753 thousand. In current year, the legal formalities for the transfer of the equity shares were completed and accordingly, the 9.7% stake in equity shares of Al Areen was classified as investment fair value through equity.

There was no material fair value change as on 31 December 2023 from the date of initial recognition of investment security and accordingly management has not recognized any fair value gain or loss for the year in the statement of changes in equity.

7 INVESTMENT PROPERTY

	2023	2022
At 1 January	14,082	5,268
Additions during the year*	3,112	8,814
At 31 December	**17,194**	14,082

Investment property comprises of lands valuing US$ 5,268 thousand (2022: US$ 5,268 thousand) for Al Areen land and US$ 11,926 thousand (2022: US$ 8,814 thousand) for Marsa Al Seef lands.

For the year ended 31 December 2023 US$ 000's

7 *INVESTMENT PROPERTY (continued)*

In previous year, the Company had signed a nominee agreement to enable it to transfer the Al Areen land title deed to its name. The Al Areen land was transferred to an entity named Al Areen Downtown Global Real Estate Development WLL ("AADT Global") which holds the land as a custodian and the ultimate beneficial ownership of the Al Areen land lies with the Company.

During the year, the Board of Directors of the Company passed a resolution dated 15 January 2023 to acquire AADT Global and Al Areen land has been consolidated in the Company through AADT Global.

* The Company transferred Marsa land valuing US$3,112 thousand (2022:US$ 8,814 thousand) to investment property. As on the reporting date, the lands were held by Al Seela Corp Real Estate Investment WLL ("Seela Corp") as a custodian and the ultimate beneficial ownership of this Marsa lands lies with the Company. The Board of Directors of the Company passed a resolution dated 15 January 2023 to incorporate a new entity under its 100% ownership to execute the transfer of title deeds of the Marsa Al Seef lands. Accordingly, Skyline R.E. Assets W.L.L. was incorporated on 4 May 2023 and the company is in the process of transfer of legal title to Skyline R.E. Assets W.L.L as on the reporting date.

As at 31 December 2023, the fair value of investment property as determined by an independent third-party valuer was US$ 21,459 thousand (2022: US$ 17,958 thousand).

The independent valuer has appropriate qualifications and recent experience in the valuation of properties in the relevant locations and approved under Real Estate Regulatory Authority ("RERA"). The fair value was determined based on comparable market value approach that reflects recent transaction prices for similar properties and accordingly is classified as level 2 in the fair value hierarchy.

8 RIGHT-OF-USE (USUFRUCT) ASSETS

	2023	2022
As at 1 January	228	395
Adjustment due to modification in lease terms	-	(30)
Amortization of right-of-use (usufruct) asset	(137)	(137)
As at 31 December	**91**	228

Set out below are the carrying amounts of Ijarah liability and the movements during the year:

	2023	2022
As at 1 January	219	398
Adjustment due to modification in lease terms	-	(35)
Expenses related to Ijarah	8	17
Payments made during the year	(161)	(161)
As at 31 December	**66**	219
Current	66	153
Non-current	-	66
As at 31 December	**66**	219

For the year ended 31 December 2023 US$ 000's

8 RIGHT-OF-USE (USUFRUCT) ASSETS (continued)

The following are the amounts recognized in the consolidated statement of income:

	2023	2022
Amortization of right-of-use (usufruct) asset	137	137
Expenses related to Ijarah (note 14)	8	17
As at 31 December	**145**	154

9 RELATED PARTY

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 entities over which the Group exercises significant influence, major shareholders, directors, Shari'a Supervisory board, executive management of the Group and entities under common control. 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 Group's income from investment management services is from entities over which the Group exercises influence. Although, the entity is considered a related party, the Group administers and manages the entity on behalf of its clients, who are third parties and are the economic beneficiaries of the underlying investment. The transactions with these entities are based on agreed terms in the private placement memorandum.

31 December 2023	**Assets under Management including SPEs**	**Shareholders / Key Management Personnel**	**Entities under common control**
Assets			
Placements with financial institutions	-	-	6,526
Other assets	3,194	1,353	77
Right of use (usufruct) asset	91	-	-
Liabilities			
Accruals and other liabilities	53	781	10
Ijarah liability	66	-	-

31 December 2022	Assets under Management including SPEs	Shareholders / Key Management Personnel	Entities under common control
Assets			
Placements with financial institutions	-	-	6,009
Other assets	7,803	-	50
Right of use (usufruct) asset	228	-	-
Liabilities			
Accruals and other liabilities	8	216	6
Ijarah liability	219	-	-

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9 RELATED PARTY (continued)

31 December 2023	**Assets under Management**	**Shareholders / Key Management Personnel**	**Entities under common control**
Income			
Income from investment management services	3,654	-	-
Income from advisory services	-	1,194	-
Income from placements with financial institutions	-	-	277
Other Income	25	48	39
Expenses			
Amortization of right of use assets	137	-	-
Expenses Related to Ijarah	8	-	-
Premises Costs	131	-	-
Staff costs	-	817	-
Board member fees	-	157	-
Legal & professional expenses	-	23	71
Other expenses	-	2	-

31 December 2022	Assets under Management	Shareholders / Key Management Personnel	Entities under common control
Income			
Income from investment management services	3,741	-	-
Income from placements with financial institutions	-	-	220
Other Income	25	-	10
Expenses			
Amortization of right of use assets	137	-	-
Expenses Related to Ijarah	17	-	-
Premises Costs	67	-	-
Staff costs	-	340	-
Board member fees	-	186	-
Shari'a fees	-	6	-
Legal & professional expenses	-	-	36

10 ACCRUALS AND OTHER LIABILITIES

	31 December 2023	31 December 2022
Employee related accruals	114	123
Security deposits	12	17
Unearned rental income	45	48
Accrual and payables to related party (note 9)	844	230
Other accruals and payables	106	30
	1,121	448

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11 OTHER INCOME

	2023	2022
Rent income	182	134
Service and secondment income	130	12
Recovery of deal related expenses	-	148
Other miscellaneous income*	200	4
	512	298

*During the year, the group received US$ 180 thousand, out of the net judgement amount of US$ 1,078 thousand, from execution court with regards to a legal case with one of the shareholders. Accordingly, the Group recognized US$ 180 thousand as other income. Group had withheld in an escrow account, distribution to a shareholder of US$ 200 thousand pending resolution of certain legal and administrative matters. During the year, US$ 180 thousand pertaining to the shareholder was transferred to the court as per court directives. Accordingly, remaining US$ 20 thousand pertaining to profit on placement was recognized as other income.

12 SHARE CAPITAL

	2023	2022
Authorised: 50,000,000 ordinary shares of US$ 1 each (2022: 50,000,000 ordinary shares of US$ 1 each)	50,000	50,000
Issued and subscribed: 13,144,324 ordinary shares of US$ 1 each (2022: 13,144,324 ordinary shares of US$ 1 each)	13,144	13,144
Paid up: 13,144,324 ordinary shares of US$ 1 each (2022: 13,144,324 ordinary shares of US$ 1 each)	13,144	13,144

13 STAFF COSTS

	2023	2022
Salaries and benefits	1,799	736
Indemnity expenses	17	24
Social insurance expenses	78	37
Other staff expenses	38	6
	1,932	803

14 OTHER OPERATING EXPENSES

	2023	2022
Information technology and communication expenses	77	37
Expenses related to Ijarah (note 8)	8	17
Insurance expenses	48	53
Other expenses	100	28
	233	135

15 SEGMENT INFORMATION

The activities of the Group are performed on an integrated basis. Therefore, any segmentation of operating income, expenses, assets and liabilities is not relevant. As such, operating income, expenses, assets and liabilities are not segmented.

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15 SEGMENT INFORMATION (continued)

The Group has physical operations and offices solely in the Kingdom of Bahrain and, as such, no geographical segment information is presented.

16 ASSETS UNDER MANAGEMENT

The Group provides corporate administration, investment management and advisory services to its investor vehicles, which involve the Group making decisions on behalf of such entities. Assets that are held in such capacity are not included in these consolidated financial statements. At the reporting date, the Group had the following assets under management:

	31 December 2023	31 December 2022
Marsa Al Seef Investment Company Limited ("Marsa")	342,040	345,640
Boulevard Al Areen Real Estate Development ("Al Areen")	96,750	96,750
GBCORP Tower Group Ltd.	48,071	48,071
	486,861	490,461

Income from investment management fees

Al Areen
During the year, the Group has recognized management fee of US$ 1,451 thousands (31 December 2022: the Group recognized US$ 1,451 thousands following a settlement with Al Areen during 2022 whereby Al Areen agreed to transfer stake of 9.7% in equity shares of AADT with fair value of US$ 4,753 thousand).

Fair value was determined by an independent third-party valuer who has the qualification and experience in valuing similar properties in the same location.

From Marsa
During the year, the Group has recognized management fee of US$ 1,723 thousands (31 December 2022: the Group recognized US$ 1,809 thousand following a settlement with Marsa during 2022 whereby Marsa agreed to transfer a plot of land with fair value of US$ 3,111 thousand).

Fair value of the land was determined by an independent third-party valuer who has the qualification and experience in valuing similar properties in the same location.

GBCORP Tower Group Ltd
The Group has recorded the income of US$ 480 thousands (2022: US$ 480 thousands) as per the terms of signed agreement for the year.

Litigation relating to assets under management
In previous year, Al Areen lodged a case for US$ 24,175 thousand and the Court of appeal issued a judgment in favour of Al Areen (the "Judgment"). An appeal was filed in the Court of Cassation against the Judgment by defendant. On 27 November 2022, the Court of Cassation rejected the appeal to suspend the Judgment from being executed.

On 31 August 2023, Court of Cassation decided to refer the case to the Court of Appeal for the parties to the case to submit expert report.

17 FINANCIAL RISK MANAGEMENT

Financial assets of the Group comprise cash and bank balances, placements with financial institutions, and other receivable balances. Financial liabilities of the Group comprise Accruals and other liabilities and Ijarah liabilities.

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17 FINANCIAL RISK MANAGEMENT (continued)

The Group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk
- market risk; and
- operational risk.

a) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties fail to discharge their contractual obligations. Credit risk arises principally from the Group's balances with banks, placements with financial institutions and other receivables. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Exposure to credit risk

The carrying values of bank balances, placements with financial institutions and other receivables represent the maximum credit risk. The Group's credit risk on bank balances and placements with financial institutions is limited, as these are placed with locally incorporated banks having good credit ratings.

Impaired receivables

Impaired receivables are those for which the Group determines that it is probable that it will be unable to collect all payments due according to the contractual terms of the receivables' agreements. During the year, additional provision for impairment of US$ Nil has been provided on receivables (2022: US$ Nil).

Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its concentration risk by establishing and constantly monitoring geographic and industry wise concentration limits.

The industry sector wise distribution of assets and liabilities are set out as follows:

Concentration risk – industry sector

31 December 2023	**Banks and financial institutions**	**Real estate**	**Others**	**Total**
Assets				
Cash and bank balances and placements with financial institutions	10,403	-	-	10,403
Investment Property	-	17,194	-	17,194
Investment security	-	4,753	-	4,753
Right of use (usufruct) asset	-	91	-	91
Other assets	1,463	3,198	140	4,801
Total assets	**11,866**	**25,236**	**140**	**37,242**
Liabilities				
Ijarah liability	-	66	-	66
Accruals and other liabilities	565	-	556	1,121
Total liabilities	**565**	**66**	**556**	**1,187**

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17 *FINANCIAL RISK MANAGEMENT (continued)*
b) Credit risk (continued)

31 December 2022	Banks and financial Institutions	Real estate	Others	Total
Assets				
Cash and bank balances and placements with financial institutions	11,551	-	-	11,551
Investment Property	-	14,082	-	14,082
Right of use (usufruct) asset	-	228	-	228
Other assets	111	7,803	46	7,960
Total assets	11,662	22,113	46	33,821
Liabilities				
Ijarah liability	-	219	-	219
Accruals and other liabilities	-	-	448	448
Total liabilities	-	219	448	667

Concentration is measured based on the location of the underlying operating assets and not based on the location of the investments. The Group's concentration exposure as at 31 December 2023 and 31 December 2022 is limited to the Kingdom of Bahrain.

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

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

The table below shows the undiscounted cash flows on the Group's financial liabilities, including issued financial guarantee contracts, and unrecognised financing commitments on the basis of their earliest possible contractual maturity.

	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total	Carrying amount
31 December 2023							
Financial liabilities	**995**	**34**	**41**	**117**	**-**	**1,187**	**1,187**
31 December 2022							
Financial liabilities	325	43	129	170	-	667	667

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17 *FINANCIAL RISK MANAGEMENT (continued)*

b) Liquidity risk (continued)

The table below shows the maturity profile of the Group's assets and liabilities and unrecognised commitments on the basis of their expected realisation / payment.

	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**Undated**	**Total**
31 December 2023						
Assets						
Cash and bank balances and placements with financial institutions	7,751	2,652	-	-	-	10,403
Other assets	4,685	63	33	-	20	4,801
Investment property	-	-	-	-	17,194	17,194
Investment security	-	-	-	-	4,753	4,753
Right-of-use (usufruct) asset	34	34	23	-	-	91
Total assets	**12,470**	**2,749**	**56**	**-**	**21,967**	**37,242**
Liabilities						
Accruals and other liabilities	956	7	41	117	-	1,121
Ijarah liability	39	27	-	-	-	66
Total liabilities	**995**	**34**	**41**	**117**	**-**	**1,187**

	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Undated	Total
31 December 2022						
Assets						
Cash and bank balances and placements with financial institutions	2,287	1,326	7,938	-	-	11,551
Investment property	-	-	-	-	14,082	14,082
Other assets	7,830	18	100	-	12	7,960
Total assets	10,117	1,344	8,038	-	14,094	33,593
Liabilities						
Accruals and other liabilities	288	5	52	103	-	448
Ijarah liability	37	38	77	67	-	219
Total liabilities	325	43	129	170	-	667

c) Market risk

Market risk is the risk that changes in market prices, 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, future cash flows 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.

Exposure to profit rate risk

Profit rate risk arises due to differences in timing of repricing of the Group's assets and liabilities. The Group's profit rate sensitive assets are mainly placements with financial institutions. Profit rate risk is managed principally through monitoring profit rate gaps and by having pre-approved limits for repricing bands. The effective profit rate for the year was 4.79% (2022: 3.28%).

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17 *FINANCIAL RISK MANAGEMENT (continued)*
c) Market risk (continued)

The following table demonstrates the sensitivity to reasonably possible change in profit rates, with all other variables held constant of the Group's consolidated statement of income. The sensitivity of the consolidated statement of income is the effect of the assumed changes in profit rates on the consolidated net income for the year, based on the placements with financial institutions held as at the date of consolidated statement of financial position.

	2023	2022
Placements with financial institutions (+1%)	**104**	116
Placements with financial institutions (-1%)	**(104)**	(116)

Exposure to foreign exchange risk
Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's major exposure is in GCC currencies, which are primarily pegged to the US Dollars. The Group does not have significant net exposures denominated in other foreign currencies as at 31 December 2023 or 31 December 2022.

Exposure to equity price risk
Equity price risk is the risk that the fair values of equity investments decrease as a result of changes in the corresponding value of equity indices or the value of individual equity stocks. The Group's exposure to equity price risk is limited. The Group monitors these investment closely as part of its risk management.

d) Operational risk
Operational risk is the risk of loss arising from systems and control failures, fraud and human error, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, internal checks and balances.

18 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

31 December 2023	**FVTE**	**At amortized cost**	**Total carrying amount**
Investment security	4,753	-	4,753
Bank balance and placements with financial institutions	-	10,403	10,403
Other assets	-	4,781	4,781
Total financial assets	**4,753**	**15,184**	**19,937**
Accruals and other liabilities	-	1,121	1,121
Total financial liabilities	**-**	**1,121**	**1,121**

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18 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

31 December 2022	At amortized cost	Total carrying amount
Bank balance and placements with financial institutions	11,551	11,551
Other assets	7,948	7,948
Total financial assets	19,499	19,499
Accruals and other liabilities	448	448
Total financial liabilities	448	448

The fair value of the Group's financial instruments carried at amortized cost are not materially different from their carrying values due to their short-term nature.

19 FAIR VALUE HIERARCHY

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. This represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Fair value hierarchy

The table below analyses the financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- *Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities*
- *Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices)*
- *Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).*

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities	-	4,753	-	4,753
Investment property	-	21,459	-	21,459
	-	**26,212**	**-**	**26,212**

31 December 2022	Level 1	Level 2	Level 3	Total
Investment property	-	17,958	-	17,958
	-	17,958	-	17,958

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19 FAIR VALUE HIERARCHY (continued)

The following table summarizes the valuation techniques and significant unobservable inputs used for the Group's assets and underlying investments in the above fair value hierarchy as of 31 December 2023 and 31 December 2022.

	Valuation methodology	Significant unobservable input
Investment security	Market comparison	Market prices
Investment property	Market comparison	Market prices

20 ZAKAH

The Group is not required to pay Zakah on behalf of its shareholders on its undistributed profits as per the accounting policy adopted by the Group. The calculation of Zakah of USD 488 thousands (per share: USD 0.04) for the year has been approved by Sharia supervisory board and is subject to approval by shareholders in forthcoming annual general meeting.

21 CAPITAL MANAGEMENT

The Group is required to follow the guidelines under Volume 4 of the rule book issued by CBB for capital adequacy purposes.

The Group's regulator CBB sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements, CBB requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets. The minimum capital required for 'Category 1' investment entity is US$ 2.65 million.

The Group's regulatory capital is analysed into below tier:

- *Tier 1 capital*: includes ordinary share capital that meet the classification as common shares for regulatory purposes, general reserves including statutory reserves excluding revaluation reserves and unappropriated retained earnings brought forward.

The capital adequacy ratio calculated in accordance with capital adequacy guidelines of the CBB was as follow:

	2023	2022
Regulatory capital (A)	36,055	33,154
Regulatory capital requirement (B)	27,771	22,881
Capital adequacy ratio (A/B)	130%	145%

The Group has complied with all externally imposed capital requirements throughout the year.

22 COMPARATIVE

The comparative figures have been grouped, where necessary, in order to conform to the current year's presentation. Such grouping do not affect the previously reported loss for the year or total equity.