

**Osoul Investment Company – K.S.C.P
And its Subsidiaries
State of Kuwait**



**Consolidated Financial Statements and Independent Auditor's Report
For the year ended 31 December 2024**

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Osoul Investment Company K.S.C.P
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Osoul Investment Company K.S.C.P. ("the Parent Company") and its subsidiaries, (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Contingent liabilities related to tax claim</p> <p>During 2016, the Group received a tax claim of Saudi Riyal 56.3 Million (equivalent to KD 4.52 Million) from the Zakat, Tax and Customs Authority (ZATCA)– Kingdom of Saudi Arabia (KSA) for the period from 2006 to 2014. The claim includes corporate income tax, withholding tax and other penalties in respect of the Group's income realized from leased units on a tower located in Mecca – KSA. The Group records indicate that the revenue used in computing the tax claim is significantly different from the actual income from the leased units. The Group has made a provision to cover the probable outflow based on the best estimate required to settle the claim. The Group applies significant judgement and make estimates in determining the provision for the probable outflow and a contingent liability is disclosed for the remaining claim. The amount of the expected provision for the probable outflow has been estimated based on an independent tax advisor's opinion who is licensed in KSA.</p> <p>Further details about the tax claim is disclosed in note 29.2 to the consolidated financial statements.</p> <p>Because of the uncertainty related to the outcome of the tax claim and the significance of the contingent liability related to the remaining claim amount, which represents 35% of the total equity of the Group, we consider this as a Key audit matter.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <p>We obtained an understanding of the process adopted by management to determine the provision relating to the tax claim and the disclosure of the contingent liability, including the relevant controls in this process.</p> <p>We assessed the abovementioned controls to determine if they had been appropriately designed and implemented.</p> <p>We assessed the provision recorded by management and challenged the key assumptions including the inputs used to estimate the provision by engaging an internal tax specialist.</p> <p>We assessed the skills, competence, objectivity, and qualifications of the external tax advisor and determined if the scope of their work was sufficient for audit purposes by reviewing the terms of their engagement with the Group.</p> <p>We agreed the amount determined by the external tax adviser to the amount recognized in the consolidated financial statements.</p> <p>We determined if the disclosure in the consolidated financial statements relating to this matter is in accordance with IFRS Accounting Standards.</p>

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)

Osoul Investment Company K.S.C.P
State of Kuwait

Other Information

Management is responsible for the other information. The other information comprises all information included in the annual report other than the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' report prior to the date of auditor's report. We expect to receive the Parent Company's annual report of 2024, after the date of the auditors' report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)

Osoul Investment Company K.S.C.P State of Kuwait

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

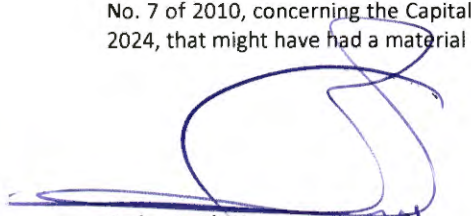
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained the information that we deemed necessary for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2024, that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended, during the year ended 31 December 2024, that might have had a material effect on the business of the Group or on its consolidated financial position.




Bader A. Al-Wazzan
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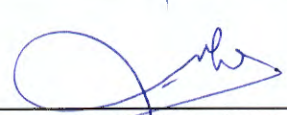
Kuwait
27 March 2025

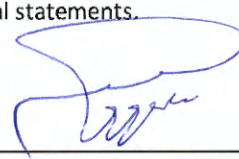
Consolidated Statement of Financial Position as at 31 December 2024

	Notes	Kuwaiti Dinars	
		2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	4	1,527,179	1,503,883
Investments in Murabaha	5	-	81,143
Investments at fair value through profit or loss	6	4,762,800	7,009,342
Other receivables	7	3,289,044	874,955
Properties held for trading	8	381,269	390,900
Total current assets		9,960,292	9,860,223
Non-current assets			
Investments at fair value through other comprehensive income	9	4,491,484	6,482,362
Investment in an associate	10	4,414,520	3,866,328
Intangible assets	11	340,674	402,578
Right of use assets	12	266,807	88,532
Other assets		3,949	3,957
Total non-current assets		9,517,434	10,843,757
Total assets		19,477,726	20,703,980
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Payables	13	1,419,754	1,384,027
Murabaha payables	14	250,000	250,000
Lease liabilities	15	61,992	63,738
Total current liabilities		1,731,746	1,697,765
Non-current liabilities			
Murabaha payables	14	4,500,000	4,750,000
End of service indemnity	16	173,169	163,551
Lease liabilities	15	195,092	16,601
Total non-current liabilities		4,868,261	4,930,152
Total liabilities		6,600,007	6,627,917
Equity			
Share capital	17	12,654,623	12,654,623
Treasury shares	18	(9,690)	-
Statutory reserve	19	718,004	606,392
Foreign currency translation reserve		(1,888)	(2,444)
Fair value reserve		(1,215,624)	(581,468)
Retained earnings		732,294	1,398,960
Total equity		12,877,719	14,076,063
Total liabilities and equity		19,477,726	20,703,980

The attached notes on pages 9 to 33 form an integral part of these consolidated financial statements.


Hamad Ahmed Al-Ameeri
Chairman


Abdulla Musaed Al-Dakheel
Vice Chairman


Sulaiman Ahmed Al-Ameeri
Chief Executive Officer

Consolidated Statement of Profit or Loss for the year ended 31 December 2024

	Notes	Kuwaiti Dinars	
		2024	2023
Income			
Net gain from investments	20	412,617	1,360,125
Revenue from sale of properties held for trading	8	-	50,000
Cost of sale of properties held for trading	8	-	(59,476)
Income from intangible assets		150,197	130,024
Share of results from an associate	10	665,548	336,109
		<u>1,228,362</u>	<u>1,816,782</u>
Net gain on disposal of right of use asset	21	792,186	-
Other income	22	124,320	53,794
Net charge of provisions		-	(363,083)
		<u>2,144,868</u>	<u>1,507,493</u>
Expenses and other charges			
Depreciation of right of use assets	12	(73,324)	(72,357)
Depreciation and amortization		(64,315)	(63,197)
Staff costs		(378,101)	(378,001)
Other expenses	23	(217,598)	(181,815)
		<u>(733,338)</u>	<u>(695,370)</u>
Operating profit		<u>1,411,530</u>	<u>812,123</u>
Finance cost on lease liabilities	15	(3,484)	(5,788)
Finance costs on Murabaha payables		(291,930)	(239,686)
Net profit for the year before contributions		<u>1,116,116</u>	<u>566,649</u>
Kuwait Foundation for the Advancement of Science (KFAS)		(3,390)	(1,739)
National Labor Support Tax (NLST)		-	(1,135)
Provision for Directors' remuneration	26	(52,000)	(52,000)
Net profit for the year		<u>1,060,726</u>	<u>511,775</u>
Earnings per share (fils)	24	<u>8.39</u>	<u>4.04</u>

The attached notes on pages 9 to 33 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2024

	Kuwaiti Dinars	
	2024	2023
Net profit for the year	1,060,726	511,775
Other comprehensive income items:		
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
<i>Investment at fair value through other comprehensive income:</i>		
Change in fair value	(991,689)	(246,568)
<i>Investment in an associate</i>		
Group's share in other comprehensive income of associate	7,215	(7,273)
	(984,474)	(253,841)
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
<i>Foreign currency translation:</i>		
Exchange differences on translation of foreign operations	556	(384)
Total other comprehensive loss for the year	(983,918)	(254,225)
Total comprehensive income for the year	76,808	257,550

The attached notes on pages 9 to 33 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2024

	Kuwaiti Dinars						Total
	Share Capital	Treasury shares	Statutory Reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	
Balance at 1 January 2023	12,654,623	-	549,727	(2,060)	463,389	912,111	14,577,790
Dividend (note 25)	-	-	-	-	-	(759,277)	(759,277)
Transaction with owners	-	-	-	-	-	(759,277)	(759,277)
Net profit for the year	-	-	-	-	-	511,775	511,775
Other comprehensive loss	-	-	-	(384)	(253,841)	-	(254,225)
Total comprehensive (loss)/ income for the year	-	-	-	(384)	(253,841)	511,775	257,550
Transfer to retained earnings on disposal of FVOCI investment	-	-	-	-	(791,016)	791,016	-
Transfer to statutory reserve	-	-	56,665	-	-	(56,665)	-
Balance at 31 December 2023	12,654,623	-	606,392	(2,444)	(581,468)	1,398,960	14,076,063
Balance at 1 January 2024	12,654,623	-	606,392	(2,444)	(581,468)	1,398,960	14,076,063
Purchase of treasury shares	-	(9,690)	-	-	-	-	(9,690)
Dividend (note 25)	-	-	-	-	-	(1,265,462)	(1,265,462)
Transaction with owners	-	(9,690)	-	-	-	(1,265,462)	(1,275,152)
Net profit for the year	-	-	-	-	-	1,060,726	1,060,726
Other comprehensive income/ (loss)	-	-	-	556	(984,474)	-	(983,918)
Total comprehensive income/ (loss) for the year	-	-	-	556	(984,474)	1,060,726	76,808
Transfer to retained earnings on disposal of FVOCI investment	-	-	-	-	350,318	(350,318)	-
Transfer to statutory reserve	-	-	111,612	-	-	(111,612)	-
Balance at 31 December 2024	12,654,623	(9,690)	718,004	(1,888)	(1,215,624)	732,294	12,877,719

The attached notes on pages 9 to 33 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2024

	Notes	Kuwaiti Dinars	
		2024	2023
Operating activities			
Net profit for the year		1,060,726	511,775
<i>Adjustments for:</i>			
Net unrealized loss/ (gain) from investments	20	945,840	(32,543)
Amortization of right of use assets	12	73,324	72,357
Finance cost on Murabaha payables		291,930	239,686
Finance cost on lease liabilities	15	3,484	5,788
Dividend income from investments AFVTOCI	20	(568,894)	(726,935)
Loss from sale of properties held for trading		-	9,476
Share of results from an associate	10	(665,548)	(336,109)
Depreciation and amortization		64,316	63,197
Charge of provision		-	363,083
Loss/ (gain) on termination of lease		1,853	(4,691)
End of service indemnity	16	23,606	25,038
<i>Operating cash flow before changes in working capital</i>		<u>1,230,637</u>	<u>190,122</u>
<i>Movements in working capital:</i>			
Investments at fair value through profit or loss		1,300,702	(372,038)
Other receivables		(2,414,089)	(660,290)
Properties held for trading		-	50,000
Payables		76,131	16,244
Payment of end of service indemnity	16	(13,988)	(43,995)
Net cash generated from/ (used in) operating activities		<u>179,393</u>	<u>(819,957)</u>
Investing activities			
Movement in cash and bank balances under lien		14,228	(19,340)
Investments in Murabaha		81,143	(81,143)
Paid for acquisition of Investments AFVTOCI		-	(6,359,618)
Proceeds from sale of Investments AFVTOCI		999,192	1,045,168
Dividend received from an associate	10	124,571	249,141
Cash dividends received	20	568,894	726,935
Paid for acquisition of other assets		(2,405)	(2,570)
Net cash generated from/ (used in) investing activities		<u>1,785,623</u>	<u>(4,441,427)</u>
Financing activities			
Proceeds from Murabaha payables		-	5,000,000
Repayment of murabaha payables		(250,000)	-
Payment of finance cost on Murabaha payables		(291,930)	(239,686)
Payment made towards capital reduction		(60,325)	(38,571)
Purchase of treasury shares		(9,690)	-
Payment of lease liabilities	15	(80,191)	(80,185)
Dividend paid		(1,235,356)	(748,325)
Net cash (used in)/ generated from financing activities		<u>(1,927,492)</u>	<u>3,893,233</u>
Net change in cash and cash equivalents		37,524	(1,368,151)
Cash and cash equivalents at the beginning of the year		<u>1,484,543</u>	<u>2,852,694</u>
Cash and cash equivalents at the end of the year	4	<u>1,522,067</u>	<u>1,484,543</u>

The attached notes on pages 9 to 33 form an integral part of these consolidated financial statements.

1. Incorporation of the Group

Osoul Investment Company K.S.C.P - "the Parent Company" was incorporated in Kuwait in 1999 and is listed on Boursa Kuwait. Osoul Investment Company is regulated by the Capital Market Authority (CMA). Its registered office is at Al – Raya complex – Sharq, 25th floor P.O. Box 3880, Safat 13039, Kuwait.

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (referred together as "Group") as mentioned in note 27.

The Parent Company is undertaking its activities in accordance with Nobel Islamic Shariaa principles.

The main activities of the Parent Company are:

- Investment in real estate, industrial, agricultural and economic sectors by incorporating specialized companies or purchase of the securities in different sectors
- Investment portfolio manager
- Carrying out all types of real estate investment for the purpose of development, except for plots and houses allocated for private housing purposes, whether directly or indirectly for the Parent Company's or third parties' account.
- Purchasing and selling securities such as bonds of companies and government authorities inside and outside Kuwait for Parent Company's benefit.
- Dealing and trading in the foreign exchange market and precious metals market for the Parent Company's benefit only.
- Owning industrial property rights, patents, commercial and industrial trademarks, commercial designs, literary and intellectual property rights related to programs and writings or utilize and rent thereof to other entities.

The Parent Company may carry out the above business in the state of Kuwait or outside by itself or through agency. Also, the Parent Company may have an interest or be involved in any other way with the entities that are engaged in similar activities or that may assist the Parent Company in achieving its objectives in Kuwait and abroad. The Parent Company may also buy these entities or merge with them provided their businesses do not entail any violations of Islamic Sharia.

These consolidated financial statements were authorized for issuance by the Board of Directors on 27 March 2025 and are subject to the approval of the Annual General Assembly of the shareholders.

2. Basis of preparation and material accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared based on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Going concern

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

2.2 New and amended IFRS Accounting Standards that are effective for the current year:

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

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements*

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

- *Amendments to IAS 1 Classification of Liabilities as Current or Non-current*

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- *Amendments to IAS 1 Non-current Liabilities with Covenants*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

2.3 New and revised IFRS Accounting Standards in issue but not yet effective:

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

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	<p>The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.</p> <p>The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.</p> <p>When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.</p> <p>The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.</p>	1 January 2025

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	<p>These amendments:</p> <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). 	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	<p>IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.</p> <p>IFRS 18 introduces new requirements to:</p> <ul style="list-style-type: none"> present specified categories and defined subtotals in the statement of profit or loss provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements improve aggregation and disaggregation. <p>The Management anticipates that the application of these amendments may have an impact on the Company's financial statements in future periods.</p>	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	<p>IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.</p> <p>An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:</p> <ul style="list-style-type: none"> it is a subsidiary (this includes an intermediate parent) it does not have public accountability, and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. 	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements in the period of its initial application.

2.4 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Parent Company gains control until the date when Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9: Financial Instruments, when applicable or the cost on initial recognition of an investment in an associate or a joint venture.

2.5 Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Company calculates the contribution to KFAS at 1% of profit in accordance with the modified calculation based on the KFAS's Board of Directors resolution, excluding transfer to statutory reserve from profit for the year.

National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the group after deducting directors' fees for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

Zakat

Contribution to Zakat is calculated at 1% of the profit of the group in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated statement of income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and Measurement of Financial assets

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets carried at Amortised cost:

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the statement of consolidated statement of income.

Financial asset carried at FVTPL:

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the consolidated statement of income. Interest income is recognised using the effective interest method. Dividend income from equity investments measured at FVTPL is recognised in the consolidated statement of income when the right to the payment has been established.

Equity investments at FVOCI:

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on subsequent measurement of these equity instruments are never recycled to consolidated statement of income. Dividends are recognised in consolidated statement of income when the right to payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. Upon derecognition cumulative change in fair value are reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of income; and
- for equity instruments measured at FVOCI, exchange differences are recognised in other comprehensive income in the fair value reserve.

Impairment of financial assets

The Group recognizes loss allowance for 'expected credit loss' (ECL) on bank balances, and other receivables. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money and reasonable and supportive information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

The Group applies three-stage approach to measuring expected credit losses (ECL) under general approach as follows:

Stage 1: 12 months ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Stage 2: Lifetime ECL – not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired.

Stage 3: Lifetime ECL – credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

Lifetime ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of lifetime expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

At each reporting date, the Group assesses whether a financial asset or group of financial assets is credit impaired. The Group considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default and write-off policy

The Group categorize receivables as default when the amount is >90 days past due or there is evidence indicating the asset is credit impaired. The amount is written off when there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

Credit impaired assets

The Group considers a financial asset to be credit impaired when the borrower is unlikely to pay its credit obligations to the Group in full due to significant financial difficulty or breach of contract.

Measurement of ECLs

The Group recognizes ECL for cash and bank balances and other receivables using the general approach described above.

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature, and value of collaterals, forward looking macro-economic scenarios etc.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in consolidated statement of income, for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

De-recognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of income.

2.7 Properties held for trading

Properties held for trading (including property under development for that purpose) are stated at cost when acquired. Cost is determined on an individual basis for such land or real estate properties. Cost represents the fair value of the consideration given, plus ownership transfer fee and brokerage expenses. Land and real estate properties held for trading are classified under current assets and are valued at the lower of cost or net realisable value whichever is low on an individual basis. Realisable value is determined on the basis of estimated sale value, less the estimated expenses necessary to complete the sale. Gains and losses from the sale of land and property held for trading are reported in the consolidated statement of income as the difference between sale value and its book value.

2.8 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results of business, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting except for any investment classified as investment held for sale, as it is accounted for in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and any other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate, (including any long-term interests represent a part of the Group's net investment in an associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Upon acquisition of an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate, recognised at the date of acquisition, is recognised as goodwill. Goodwill is included within the carrying amount of the investment in an associate. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized in the consolidated statement of income.

The requirements of IAS 36: Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

2.9 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in consolidated statement of income when the asset is derecognised.

2.10 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Impairment losses are recognised in the income statement for the period in which they arise. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of income.

2.11 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.12 End of service indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment, regarding the labour law in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the consolidated financial statements date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

2.13 Dividends

The dividends attributable to shareholders of the Parent Company are recognized as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Parent Company's board of directors.

2.14 Foreign currencies

The Parent Company's functional currency is the Kuwaiti Dinar.

Foreign currency transactions are recorded in Kuwaiti Dinars at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Kuwaiti Dinars at the rates of exchange prevailing at the statement of financial position date. Resultant gains or losses are recognized in the consolidated statement of income.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Translation difference on non-monetary items classified as at fair value through profit or loss are reported as part of the fair value gain or loss in the consolidated statement of income whereas the translation difference on non-monetary items classified as investment at fair value through other comprehensive income are included in investment valuation reserve in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

2.15 Revenue recognition

The Group recognise revenue from the following major sources:

- Murabaha and Wakala income are recognized on an effective yield method.
- Revenue from sale of properties held for sale and gain/ loss from disposal of investment properties is recorded in the consolidated statement of income when risks and associated benefits of the sold asset's ownership have been transferred to the acquirer.
- Dividend income is recognized when the Group's right to receive dividends is established.
- Interest income from deposits is recognized on effective interest method.

2.16 Accounting for leases

The Group as a lessee

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

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

Subsequent Measurement

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in note 2.10.

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

2.17 Segment reporting

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers in order to allocate resources to the segments and to assess their performance. Such operating segments are classified as either business segments or geographical segments.

A business segment is a distinguishable component of the Group that is engaged in providing services, which is subject to risks and returns that are different from those of other segments.

A geographic segment is a distinguishable component of the Group that is engaged in providing services within a particular economic environment which is subject to risks and returns different from those of segments operating in other economic environments.

3. Critical accounting estimates and assumptions

In the application of the Group's accounting policies, the management is required to make judgments and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the revision and future periods if the revision affects future periods.

Judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the assets recognised in the consolidated financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. Monitoring is part of the Group's continuous assessment of whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation techniques

Certain assets and liabilities of the Group are measured at fair value for the purposes of preparing the financial statements. The Group's management determines the appropriate valuation techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate. In case no observable market data is available the Group uses an external valuer qualified to do the valuation. Information regarding the required valuation techniques and inputs used to determine the fair value of assets and liabilities is disclosed in respective notes.

Contingent liabilities/ liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when an event is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment (note 29).

4. Cash and cash equivalents

	Kuwaiti Dinars	
	2024	2023
Cash at bank	1,523,281	848,478
Cash balances with third parties	3,898	655,405
	<u>1,527,179</u>	<u>1,503,883</u>
Cash and bank balances under lien	(5,112)	(19,340)
Cash and cash equivalents for cashflows purposes	<u>1,522,067</u>	<u>1,484,543</u>

Cash and bank balances under lien pertain to balances pledged as collateral for securing a Murabaha payables from a local Islamic bank (note 14).

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

5. Investments in Murabaha

Investments in Murabaha have been placed with local financial institution according to Murabaha contracts. The average yield on those contracts is nil % (31 December 2023- 4.3%).

6. Investments at fair value through profit or loss

Investments at fair value through profit or loss represent investment in local quoted equity securities.

Shares representing 100% of Group's holding in a local quoted equity investment are pledged as collateral for securing a Murabaha payables from a local Islamic bank (note 14).

7. Other receivables

	Kuwaiti Dinars	
	2024	2023
Tax claim settled (note 29.2)	2,450,789	-
Prepaid expenses	699,542	689,237
Refundable Deposit	73,724	73,745
Other	64,989	111,973
	<u>3,289,044</u>	<u>874,955</u>

8. Properties held for trading

	Kuwaiti Dinars	
	2024	2023
Balance at the beginning of the year	390,900	452,048
Cost of sales	-	(59,476)
Impairment in value	(10,305)	-
Foreign currencies translation adjustments	674	(1,672)
Balance at the end of the year	<u>381,269</u>	<u>390,900</u>

Properties held for trading pertain to the properties located in the Kingdom of Jordan.

Fair value of properties held for trading assessed for the purpose of determination of net realisable value, amounted to KD 397,772 as at 31 December 2024 (31 December 2023: KD 397,087) and was determined based on valuations using the market comparable approach under level 2 hierarchy as carried out by an independent valuer.

The Group sold properties for a sale consideration of KD nil (2023: KD 59,476). The gain or loss on selling of properties held for trading is recognized point in time when the ownership of the properties is transferred to the acquirer.

9. Investments at fair value through other comprehensive income

	Kuwaiti Dinars	
	2024	2023
Local equity investment – quoted	3,765,868	5,690,442
Local equity investment – unquoted	198,953	246,733
Foreign equity investment – unquoted	526,663	545,187
	<u>4,491,484</u>	<u>6,482,362</u>

The Group management has elected to designate investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

Shares representing 100% of Group's holding in a local quoted equity investment are pledged as collateral for securing a Murabaha payables from a local Islamic bank (note 14).

10. Investments in an associate

This represents the Group's share of investments in the following associate:

	Country of incorporation	Principal activity	Ownership Percentage	
			2024	2023
Osos Holding Group Company K.P.S.C.(Osos)	Kuwait	Investment	29.66%	29.66%

The equity accounting of Osos is based on the audited financial statements as of 31 December 2024 (2023: 31 December 2023).

Movement in investments in an associate are as follows:

	Kuwaiti Dinars	
	2024	2023
Balance at 1 January	3,866,328	3,786,633
Share of profit of associates	665,548	336,109
Share of other comprehensive income/ (loss)	7,215	(7,273)
Dividends	(124,571)	(249,141)
Balance at 31 December	4,414,520	3,866,328

The summarised financial information of an associate based on audited financial statements is as follows:

	Kuwaiti Dinars	
	2024	2023
Total assets	21,977,243	17,446,113
Total liabilities	7,093,334	4,410,482
Income	3,039,939	1,470,045
Profit for the year	2,243,950	1,133,217
Other comprehensive income/ (loss)	24,328	(24,524)
Dividend received	(124,571)	(249,141)
Net assets of the associate	14,883,909	13,035,631
Carrying amount of Group's interest in the associate (net)	4,414,520	3,866,328

As at 31 December 2024, the fair value of the Group's investment in Osos, based on quoted market share price on the Kuwait Stock Exchange, was KD 4,469,596 (2023: KD 2,242,272).

11. Intangible assets

Intangible assets represent cost of right to use some units in a tower located in Makkah, KSA. These rights will expire in year 2030.

	Kuwaiti Dinars	
	2024	2023
Cost		
As at 1 January	1,836,022	1,836,022
Accumulated amortization		
As at 1 January	1,433,444	1,371,620
Charged during the year	61,904	61,824
	1,495,348	1,433,444
As at 31 December	340,674	402,578

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

12. Right of use assets

Leasehold Buildings

	Kuwaiti Dinars	
	2024	2023
As at 1 January	88,532	149,051
Addition	271,329	-
Disposal	(19,730)	-
Modification	-	11,838
Amortization	(73,324)	(72,357)
As at 31 December	266,807	88,532

The Group leases land and office building for its operations. Lease contracts are typically made for fixed periods of 5 years.

13. Payables

	Kuwaiti Dinars	
	2024	2023
Provisions for tax claims (note 29.2)	674,893	674,893
Dividend payable	213,023	182,917
Payable to shareholders	148,463	208,788
Staff accruals	40,218	33,610
Other	343,157	283,819
	1,419,754	1,384,027

14. Murabaha payables

This represents a KD denominated facility availed by the Group, from a local Islamic bank. The facility carries a return rate of 1.75% per annum over the Central Bank of Kuwait Discount Rate. This is secured by a pledge of one of the Group's quoted investments carried at fair value through other comprehensive income and fair value through profit and loss, in addition to bank balances.

The above loan is subject to a covenant clause whereby the Group is required to maintain collateral at a coverage ratio of not less than 150% of the loan obtained.

The current and non-current amounts are as follows:

	Kuwaiti Dinars	
	2024	2023
Current	250,000	250,000
Non-current	4,500,000	4,750,000
	4,750,000	5,000,000

15. Lease liabilities

	Kuwaiti Dinars	
	2024	2023
As at 1 January	80,339	147,590
Addition	271,329	-
Disposal	(17,877)	-
Modification	-	7,146
Accretion of interest	3,484	5,788
Payments	(80,191)	(80,185)
As at 31 December	257,084	80,339

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

All of the above transactions, except payments, were eliminated from the statement of cashflows as these are non-cash transactions.

	Kuwaiti Dinars	
	2024	2023
Current	61,992	63,738
Non-current	195,092	16,601
	<u>257,084</u>	<u>80,339</u>
Maturity analysis		
Not later than 1 year	75,533	64,694
Later than 1 year and not later than 5 years	256,307	18,200
	<u>331,840</u>	<u>82,894</u>

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

The incremental borrowing (“IBR”) rate applied to lease liabilities recognised in the consolidated statement of financial position on 31 December 2024 is 5.75%.

16. End of service indemnity

Reconciliation of provision for post-employment benefits:

	Kuwaiti Dinars	
	2024	2023
At 1 January	163,551	182,508
Provisions during the year	23,606	25,038
Paid during the year	(13,988)	(43,995)
At 31 December	<u>173,169</u>	<u>163,551</u>

17. Share capital

The Parent Company’s authorized, issued and fully paid share capital amounted to KD 12,654,623 (2023: KD 12,654,623) distributed over 126,546,230 shares (2023: 126,546,230 shares) of 100 fils per share and all shares are paid in cash.

18. Treasury shares

	Kuwaiti Dinars	
	2024	2023
Number of shares (share)	120,000	-
Percentage to issued shares (%)	0.09	-
Market value	16,560	-

The Parent Company is committed to retain reserves and retained earnings equivalent to the cost of treasury shares throughout the period, in which they are held by the Parent Company, pursuant to the relevant instructions of the regulatory authorities.

19. Statutory reserve

In accordance with the Companies Law and the Parent Company’s Articles of Association, 10% of the net profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, Board remuneration, national labour support tax and zakat has been transferred to the statutory reserve. The shareholders may resolve to discontinue such annual transfers when the legal reserve reaches half of the share capital of the Parent Company. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of share capital in years when retained earnings of the Parent Company are not sufficient for the payment of a dividend of that amount.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

	Kuwaiti Dinars	
	2024	2023
Net profit for the year	1,060,726	511,775
Issued shares	126,546,230	126,546,230
Treasury shares	120,000	-
Weighted average number of shares	126,475,738	126,546,230
Basic and diluted earnings per share (fils)	8.39	4.04

25. Dividends

On 27 March 2025, the Board of Directors proposed not to distribute cash dividends for the year ended 31 December 2024. This proposal is subject to the approval of the shareholders in the forthcoming general assembly.

The annual general meeting of shareholders for the year ended 31 December 2023 held on 3 April 2024 (31 December 2022 - 18 April 2023) approved the financial statements for the year ended 31 December 2023 and distribution of a cash dividend of 10 fils per share (31 December 2022 – 6 fils per share) amounting to KD 1,265,462 (31 December 2022- KD 759,277) to the registered shareholders after obtaining necessary regulatory approvals. During the current year, the Group distributed KD 1,235,356 pertaining to its shareholders, of which KD 1,210,414 pertains to the dividend for the year ended 31 December 2023.

26. Related party transactions

In the normal course of business, the Group enters into related party transactions (Principal shareholders, members of the Board of Directors, senior executive management and companies that are owned by major shareholders). Followings are the significant balances and transactions with related parties other than what is disclosed in the other notes:

	Kuwaiti Dinars	
	2024	2023
Statement of income		
Remuneration of key management personnel	188,095	188,095
Statement of financial position		
Key management benefits payable	96,103	77,633

The Parent Company's Board of Directors propose a total amount of KD 52,000 as remuneration to the Parent Company's Board of Directors for the year ended 31 December 2024 subject to the approval of the shareholders in the general assembly.

All transactions are subject to the approval of the shareholders in the Annual General Assembly.

27. Subsidiaries

Following are the subsidiaries included in these consolidated financial statements:

Company name	Ownership percentage (%)		Activity	Country of corporation
	2024	2023		
Petro Q8 Co. (W.L.L)	99	99	General trading	Kuwait
Osoul Leasing and Finance (Private Sharing Co.)	100	100	Investment properties	Jordan

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

28. Segment distribution

The Group carries out its main activities in the State of Kuwait through three major segments:

- Finance segment- Investment in Murabaha, Wakala and deposit at financial institutions
- Investment segment- Investments in securities and portfolio management
- Real-estate segment- Investments in real estate

All activities are mentioned in note (1).

The analysis of segment information is as follows: -

	Kuwaiti Dinars			
	2024			
	Finance segment	Investment segment	Real estate segment	Total
Segments income	-	2,144,868	-	2,144,868
Total segment results	-	1,230,679	(169,953)	1,060,726
Net profit for the year				1,060,726
Segments assets	322,404	15,035,832	4,119,490	19,477,726
Segment liabilities	67,754	6,269,104	263,149	6,600,007

The analysis of segment information is as follows: -

	Kuwaiti Dinars			
	2023			
	Finance segment	Investment segment	Real estate segment	Total
Segments revenues	-	1,516,969	(9,476)	1,507,493
Total segments' results	-	682,754	(170,979)	511,775
Net profit for the year				511,775
Segment assets	342,203	18,787,955	1,573,822	20,703,980
Segment liabilities	57,014	6,484,449	86,454	6,627,917

For the purposes of monitoring segment performance and allocating resources between segments:

- There are no assets used jointly by any reportable segment.
- There are no liabilities for which any segment is jointly liable.

Geographical distribution of assets and revenues

	Kuwaiti Dinars			
	2024		2023	
	Assets	Income	Assets	Income
State of Kuwait	18,210,848	1,994,671	19,365,315	1,386,945
Gulf Co-operation council	867,338	150,197	947,765	130,024
Other Arabian Countries	399,540	-	390,900	(9,476)
	<u>19,477,726</u>	<u>2,144,868</u>	<u>20,703,980</u>	<u>1,507,493</u>

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

29. Contingent liabilities

The Group has the following contingent liabilities:

29.1 Contingent liabilities under letters of guarantee;

	Kuwaiti Dinars	
	2024	2023
Letters of guarantee	17,480	17,480

29.2 During 2016, the Company has received a tax claim amounting to Saudi Riyal 56.3 Million (equivalent to KD 4.52 Million) from the Zakat, Tax and Customs Authority (ZATCA) – Kingdom of Saudi Arabia (“KSA”) as deemed assessment for the fiscal years from 2006 to 2014 income from leased units in Al-Marwa tower located in Mecca - KSA. The claim includes corporate income tax, withholding tax and other penalties. The Group’s management decided to increase the tax claim provision to cover the concealing and delay fines based on its calculations. The total tax claim provision amounted to KD 674,893 as at 31 December 2024 (31 December 2023: KD 674,893).

As ZATCA tax assessment was based on deemed total income which was significantly higher than the recorded income, The Group’s management has filed an objection with the Preliminary Objection Committee. However, the objection was rejected by the Preliminary Objection Committee and subsequently In 2017, the management appealed its objection before the Tax Appeal Committee which was later transferred in 2019 to the General Secretariat of Tax Committees (“GSTC”) the then assigned body to be responsible for all tax disputes in KSA. On 8 June 2021 the resolution has been issued by the First Appeal Circuit for income tax violations and disputes to accept the Group’s appeal and refer its objection to the “Second Circuit for Disposition of Income Tax Violations and Disputes” in Riyadh – KSA. On 28 April 2022, the management has filed follow up case to the “Second Circuit for Disposition of Income Tax Violations and Disputes” for final adjudication. On 17 July 2023, the “Second Circuit for Disposition of Income Tax Violations and Disputes” issued its resolution rejecting the Company’s objections with the right to appeal.

The Company’s management has appointed a tax advisor in KSA to review the tax claim, and is confident of a favourable outcome.

The Group submitted annual tax returns for the fiscal period from 2006 to 2022 and paid tax dues as per the return.

On 28 August 2023, the Company has filed a lawsuit to challenge by appeal the resolution issued by the Settlement Circuit under No. 2024918-2023-WI. Till present, The Group in the stage of exchanging memos between ZATCA and the Company as well as submitting the information required by the Appeal Committee.

On 22 May 2024, First Appeal Circuit for income tax violations and disputes issued its resolution to accept the Appeal as to form. In the essence, the Appeal was partially accepted against the Company’s failure to account for the two years 2006 and 2007, while rejecting other items of the Appeal. The Appeal’s resolution was not accepted by the Company, therefore, a petition was submitted before Appeal Circuit for reconsidering this resolution on 20 June 2024.

On 26 June 2024, the Company has settled income tax and deductions for years from 2008 to 2014, for taking advantage of ZATCA’s initiative to revoke fines if tax principal is settled, until issuance of Appeal Committee’s resolution upon deliberating the petition for reconsideration.

On 24 July 2024, First Appeal Circuit for Income Tax Violations and Disputes accept the petition for reconsideration and remand the lawsuit to First Appeal Circuit for Income Tax Violations & Disputes. Accordingly, the Parent Company recorded the paid amount under other receivables (note 7).

Subsequent to the consolidated financial statements date, the court decided the below:

First: Accept the Appeal as to form, which has been filed by Taxpayer/ Osoul Investment Co., Commercial Register No. (78549), reference No. (31000337285) against the Resolution issued by Second Circuit for Disposition of Income Tax Violations and Disputes” in Riyadh – KSA (ISR-2023-127704), issued in the lawsuit No. (IW-127704-2022), pertaining to tax assessments for the years from 2006 to 2014 AD.

Second: In the essence, remanding the lawsuit to the Disposition Committee in accordance with the reasons set out under this resolution.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

30. Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation technique (s) and Key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2024	2023				
Investments at fair value through profit or loss:						
- Local quoted securities	4,762,800	7,009,342	Level 1	Bid prices	N/A	N/A
Investments at fair value through other comprehensive income:						
- Local quoted Securities	3,765,868	5,690,442	Level 1	Bid prices	N/A	N/A
- Local unquoted Securities	192,465	239,769	Level 3	Adjusted Net Assets Value as on 30 September 2024	Discount rate	The higher the discount factor and illiquidity discount factor, the lower the fair value.
- Local unquoted Securities	6,488	6,964	Level 3	Adjusted Net Assets Value as 31 December 2023	Discount rate	The higher the discount factor and illiquidity discount factor, the lower the fair value.
- Foreign unquoted Securities	526,663	545,187	Level 3	Adjusted Net Assets Value as on 31 December 2023	Discount rate	The higher the discount factor and illiquidity discount factor, the lower the fair value.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

The fair values of the financial assets and financial liabilities included in the level 3 category above have been determined in accordance with generally accepted pricing models. There are no transfers between fair value levels during the year.

The carrying amount of financial assets and financial liabilities carried at amortised cost is approximately equal to their fair value.

31. Financial risk management

31.1 Financial risk

The Group's activities expose it to a variety of financial risks: market risks (including currency risks, fair value profit rates risk, cash flows profit rates risk and equity price risk) in addition to credit risk and liquidity risks.

The Group manages these financial risks by continuously evaluating market conditions and trends and assessment of long and short-term market factors.

Market risk

Market risk, comprising of foreign currency risk, profit rate risk and equity price risk arises due to movements in foreign currency rates, interest rates and equity prices respectively.

Foreign exchange risk

The foreign exchange risk arises from future transactions on financial instruments in foreign currency classified in the consolidated financial statements of the Group in foreign currencies.

The Group develops policies to manage the risks of foreign currency by monitoring changes in the currency rate as well as the impact on the Group's financial situation throughout the year.

The Group had the following significant exposures on assets and liabilities denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate at year end:

	Kuwaiti Dinars	
	2024	2023
US Dollar	6,774	6,911
Others	1,260,590	1,411,506

Foreign currency sensitivity is determined based on 5% (31 December 2023: 5%) increase or decrease in exchange rate. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If the Kuwaiti Dinar had strengthened/weakened against the foreign currencies assuming the sensitivity given in the table below, following could be the impact on the profit for the year and the equity:

	Kuwaiti Dinars			
	2024		2023	
	+ 5%	- 5%	+ 5%	- 5%
Profit for the year	(37,046)	37,046	(43,662)	43,662
Equity	(26,333)	26,333	(27,259)	27,259

The Group's exposure to currency risk arises mainly from investment in FVOCI investment.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Equity Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated financial statements as investments at fair value through profit or loss and investment at fair value through other comprehensive income. The Group has established its policies to study and evaluate investment opportunities, diversifying the portfolios in order to manage the impact from long term change in fair value. The

following table demonstrates the sensitivity of the changes in Kuwait index by 5% on Group's net profit with other factors held constant.

	Kuwaiti Dinars			
	Effect on net profit		Effect on equity	
	2024	2023	2024	2023
Kuwait Stock Exchange	119,070	252,943	94,147	184,372

Profit rate risk

The Group is not exposed to profit rate risk as the Group does not have any assets or liabilities carrying profit rates as at the reporting date.

Credit risk

The credit risk is the risk that the Group will incur a loss due to the Group's inability to collect the debt when counter parties fail to discharge their contractual obligations against the Group.

The credit risk arises from balances and deposits at banks and financial institutions including Wakala and Murabaha receivables and other receivables.

The Group manages the credit risk related to deposits, Wakala and Murabaha through dealing with local financial institutions with a good reputation in the market. The Group manages the credit risk relating to other receivables by setting credit policies in order to reduce the concentration of credit risk via diversifying the finance portfolio. The Group is not exposed to any significant credit risk exposure to any single counterparty.

The below schedule sets out the assets exposed to credit risk in the consolidated statement of financial position, without taking into consideration the guaranties:

	Kuwaiti Dinars	
	2024	2023
Bank balances	1,527,179	1,503,883
Investment in Murabaha	-	81,143
Other receivables	138,713	185,718
	<u>1,665,892</u>	<u>1,770,744</u>

The credit risk for cash and bank balance and short-term deposits is considered negligible, since the counterparties are reputable financial institutions and a third party (Kuwait clearing company) with high credit quality.

The Group recognizes ECL for cash and bank balances, investment in Murabaha and other receivables using the general approach.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due.

The Group manages this risk by maintaining sufficient cash and cash equivalents as well as providing the necessary funding sources by agreeing on credit facilities that provide liquidity to the Group.

The table below analysis the Group's liabilities during the expected maturity periods from the consolidated financial statements date.

	Kuwaiti Dinars			
	2024			
	Within 3 months	From 3 months to 1 year	After 1 year	Total
Payables	106,684	1,313,070	-	1,419,754
Murabaha payables	70,274	454,411	6,880,973	7,405,658
Lease liabilities	19,093	56,440	256,307	331,840
	<u>196,051</u>	<u>1,823,921</u>	<u>7,137,280</u>	<u>9,157,252</u>
	2023			
	Within 3 months	From 3 months to 1 year	After 1 year	Total
Payables	1,375,977	8,050	-	1,384,027
Murabaha payables	74,795	465,959	7,405,658	7,946,411
Lease liabilities	15,498	49,196	18,200	82,894
	<u>1,466,270</u>	<u>523,205</u>	<u>7,423,858</u>	<u>9,413,332</u>

31.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and issue new shares. Capital includes equity attributable to the equity holders of the Parent Company less cumulative changes in fair values.

31.3 Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, human error, system failure or from external events. The Group has a set of policies and procedures, which are approved by the Board of Directors and are applied to identify, assess and supervise operational risk. The management ensures compliance with policies and procedures and monitors operational risk as part of the overall risk management.