

THURSDAY, MAY 9, 2024

# AlTerkait: Al Safat shareholders' rights increased by 30% compared to 2023

Company won World Business Outlook award for executing best merger between two investment companies in GCC

KUWAIT: The general assembly of Al Safat Investment Company was held on Wednesday, May 8 at Al Safat Tower, where a long-term strategy was presented, focusing on a set of criteria and controls to ensure sustainability and financial stability, reflecting on its investments and the rights of its shareholders in the future. Abdullah Hamad AlTerkait, Chairman of Al Safat Investment Company, stated: "The company has been able to move forward with its well-planned expansions in line with that strategy, enhancing its presence through diversifying its financial services along with sectoral diversification as well."

## Financial position

AlTerkait confirmed in a press statement on the occasion of the annual general meeting of the company that the strengthening of Al Safat's financial position during the past year came within its strategic plan for 2023. He explained that although the past year was full of changes, Al Safat ensured to keep up with those changes and achieve the greatest possible benefit within the framework of the com-



Abdullah Hamad AlTerkait chairs the general assembly of Al Safat Investment Company on Wednesday.



prehensive transformation witnessed by financial and investment sectors.

Financially, AlTerkait reported that the company recorded an increase in shareholders' equity from KD 22.787 million at the end of 2022 to KD 29.446 million for the year 2023, a growth of 30 percent. During this period, it achieved operational profits of KD 2.21 million compared to KD 244,000 for 2022.

## Milestones and mergers

He noted that the company went through several milestones during the previous period, including major milestones that altered the sizes of assets and liabilities, such as the merger with Cap Corp Investment Company through the merger mechanism, followed by the execution of the share exchange plan.

He pointed out that the merger was based on a 0.5 exchange ratio of Al Safat's shares for each share in Cap Corp, where the merger was accomplished by issuing new shares to Al Safat Investment Company in exchange for a purchase of KD 10,200,000, which is the listed price of the company's shares on the acquisition date.

AlTerkait explained that the transaction resulted in Al Safat Investment acquiring a group of assets valued at KD 16,283,245, carrying minimal liabilities estimated at only KD 396,191, making the net assets acquired by Al Safat Investment in the process KD 15,887,054. Considering the cost paid by the company for the merger with Cap Corp, which amounted to KD 10,200,000, AlTerkait hinted that the company realized profits of KD 5,687,054 from the merger.

## Future outlook

AlTerkait revealed Al Safat's direction towards conducting quality operations within the frame-



Chairman of Al Safat Investment Company Abdullah Hamad AlTerkait

work of agreements under implementation, including completing the exit procedures from the Middle East Chemical Industries Company, expected to be finalized during 2024. He indicated that the company is in final negotiations with potential investors to exit and complete the sale of the Carpet Manufacturing Company, with expected contractual measures to be taken during the current year, 2024.

The Al Safat team is currently continuing its efforts to develop the investment portfolio of Cap Corp and transform it from a local portfolio to a Gulf one. Additionally, the market maker service is subject to main arrangements, as the company has reached an advanced preparatory stage to acquire the service in coordination with regulatory authorities, with activation expected in the near future following full readiness according to the rules followed in Boursa Kuwait.

## Opportunity study

Regarding the company's vision and according to the content of Al Safat's strategy for the next five years, AlTerkait mentioned that the company's management is studying potential merger and acquisition opportunities that would enhance the financial robustness of the company and its position among Islamic investment companies.

AlTerkait said: "It is clear that our aspirations extend to local and global merger and acquisition opportunities and are not limited to specific fields, but we aspire to explore new areas, one of the most important of which is the real estate sector."

## Best merger award

Al Safat Investment Company won the award for the best merger operation between two investment companies for the year 2023 - GCC region, from World Business Outlook. The company received this award for executing the merger process in a record time and with remarkable results, most notably the

speed and smoothness of the transitional process in both financial operations and shareholders, in addition to retaining a large percentage of employees in their positions while preserving everyone's rights. The awarding body aims to honor exceptional achievements, significant contributions, dedication, hard work and steadfast commitment to growth in the business, financial, and investment sectors and celebrate them. It highlights the best in business excellence, financial and investment worlds.

## Governance framework: requirements

Amid governance requirements, the executive management of the board of directors pledged the accuracy and integrity of the company's financial reports to be presented fairly. The reports review all financial aspects, including data and operational results, prepared according to internationally accepted accounting standards approved by the authority, under which the board of directors undertakes to the esteemed shareholders the integrity and fairness of all financial data and related reports of its activities.

## Judicial ruling

Al Safat Investment Company obtained a final judicial ruling issued by the Dubai Court of Appeal in its favor, compelling Evolve Management Facilities (a UAE company) and other defendants to pay Al Safat a total of 346,797,739 Emirati dirhams (equivalent to KD 28,838,312), plus legal interest on the amount awarded at a rate of 5 percent from March 4, 2021, until full payment. The annual interest amounts to 17 million dirhams, equivalent to KD 1.4 million. The company will diligently take all necessary measures to collect the amounts awarded in its favor, which will have a positive future impact on its financial position and the rights of its shareholders.

## The Blue real estate project

AlTerkait explained that The Blue real estate

- Al Safat achieved operational profits of KD 2.21 million
- Focus on diversifying financial services alongside sectoral diversification as well
- The company acquired assets of around KD 16.3 million through the merger with Cap Corp
- Al Safat heading towards signing quality agreements and profitable investment exits

project - a craftsmanship complex bringing together commercial businesses and specialized companies - achieved a high success rate during the past year. The project, by leasing vacant units and occupying The Blue craftsmanship complex at a rate of 65 percent.

## Social responsibility

Al Safat Investment Company's social responsibility is considered a vital and effective element that reflects its identity. The company encourages doing good, celebrating it, and continually improving for the better, as well as spreading awareness and culture through media, shedding positive light on achievements, and providing assistance whenever possible.

In 2023, the company sought to expand its vision and diversify its sources of giving, focusing mainly on health, youth and empowering women. Al Safat Investment Company organized celebrations for the National Day and Liberation Day of the country, participated in sponsoring the Women Empowerment event at Volvo Studio, participated in Environment Day and Job Fair events, and participated in health awareness campaigns.

## Gratitude and appreciation

AlTerkait extended his sincere gratitude to all the company's shareholders, board members and executive management for their continuous support of Al Safat Investment activities, as well as to all those who supported its journey. He added: "Thanks are also extended to the various regulatory authorities in the State of Kuwait such as Capital Markets Authority and Ministry of Commerce and Industry for their continuous cooperation and the effort and diligence they exert in developing and improving the financial markets sector in the State of Kuwait."