2024 ANNUAL REPORT

For The Year Ended 31 December, 2024

شركة الصفاة للإستثمار
AL SAFAT INVESTMENT COMPANY

alsafatinvest.com

بسم الله الرحمن الرحيم

H. H. SHEIKH

MESHAL AL-AHMAD AL-JABER AL-SABAH

AMIR OF THE STATE OF KUWAIT

H. H. SHEIKH

SABAH KHALED AL-HAMAD AL-SABAH

CROWN PRINCE OF THE STATE OF KUWAIT

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Al-Safat Investment Company Profile

Al-Safat Investment Co. was founded on September 15, 1983 as a Kuwaiti shareholding company, working in accordance with provisions and requirements of the Islamic Shari'a. The company was founded to be one of the leading companies in the field of wealth management and investment with a strategy that depends on diversification of income sources through acquiring the best investment opportunities available in various fields.

The company is working under the control and supervision of Kuwaiti regulating entities such as the Kuwait Capital Market Authority, and Kuwait Ministry of Commerce and Industry. The company is taking into account the commands, laws and instructions that are issued from these authorities by being compliant to all regulations.

The main goal of Al-Safat Investment Comapny is to obtain successful and fruitful investments utilizing its expertise & professional vision towards selecting active investment opportunities and products which satisfy a wide segment of investors.

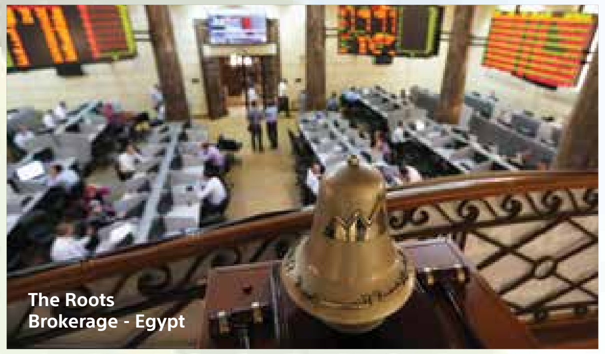
The Company's capital currently amounts 38,327,568.800 KD.

Purposes for founding the Company are the following:

1. The ownership in real-estate and the necessary moveable assets required to operate within the limits that are permitted by law (642030).
2. Investment portfolio manager (650210).
3. Investment consultant (661904).
4. Subscription agent (650230).
5. Buying and selling securities, shares, and bonds on behalf of the company (649917).
6. Collective investment system manager .(650220)
7. Investment Controller (650260).
8. Custodian (650240).
9. Market Maker (650250).


Dar Al-Safat
General Trading Co.


Al Safat for
Consultancy
K.S.C. (Closed)


The Roots
Brokerage - Egypt

Al-Assriya Printing Press
Publishing & Distribution Co.


THE BLUE
Commercial & Logistics Center


Senergy
Holding Co.

Key Subsidiaries of Al-Safat Investment Company:

Name of the Subsidiary	Ownership Percentage 2024
Al Safat Holding Company (Closed) KSCC *	% 99
Al Safat Consultant Company K.S.C. (Closed)	% 96
Dar Al-Safat for General Trading Company W.L.L*	% 99
The Roots Brokerage - Egypt	% 60
Al-Assriya Printing Press Publishing & Distributing Co. W.L.L	% 90
Al-Ezdehar Real Estate Tourism Company K.S.C. (Closed)	% 71.92
Safat Industries Holding Company K.S.C. (Closed) ('Safat Industries')	% 63.79
The Liquid Capital General Trading Company W.L.L.	% 50
Carpets Industry Company K.S.C. (Closed)	% 51.28

Associates of Al-Safat Investment Company:

Name of the Associate	Ownership Percentage 2024
Asia Holding Company K.S.C.C	% 21.7
Senergy Holding Company K.S.C.P.	% 20.88

Key Investments of Al-Safat Investment Company:

Name of the Company
Al Shuaiba Industrial Company K.P.S.C.

* The Group's effective interest in the above subsidiaries is 100%. The Group directly holds the shares in the subsidiaries as mentioned above, and the remaining shares are held indirectly in the name of nominees on behalf of the Parent Company. The nominees have confirmed in writing that the Parent Company is the beneficial owner of the shares in the subsidiary. Accordingly, there are no non-controlling interests reported in the consolidated statement of financial position, related to the subsidiaries, as at 31 December 2024.

Board of Directors

Abdullah Hamad AlTerkait
Chairman

Ziad Al Mukhaizim
Vice Chairman

Abdul Muhsen Suliman Al Meshan
Board Member

Dr. Anwar Ali Al Naqi
Board Member

Mishaal Ahmed Al Jareki
Board Member

Yousif Al Thouwiakh
Board Member

Ahmad Abou Zaid
Board Member

Address by the Chairman of the Board of Directors Annual Report 2024

In the name of Allah, the Most Gracious, the Most Merciful. May the best of prayers and peace be upon our Prophet Muhammad and upon his family and companions.

It is my pleasure to present to you the Annual Report of Al Safat Investment Company for the fiscal year ended December 31, 2024. This report reflects a year full of challenges and opportunities during which we succeeded in restructuring the Company's investments. It highlights key points and strategic decisions undertaken over the past year, along with financial and operational initiatives that strengthened the Company's position within the investment sector.

On behalf of the Board of Directors and the Executive Management, I am pleased to present this report, which outlines our financial results and the steps we have taken toward achieving our goals and implementing the Company's strategy. The report also presents our future vision and plans for sustaining growth and enhancing shareholder value, within an evolving economic environment that requires constant adaptation to global and local challenges.

Key Milestones

The year 2024 witnessed several pivotal milestones through which Al Safat Investment Company maintained operational stability. During the year, the Company successfully exited its investment in Middle East Chemical Manufacturing Company through one of its subsidiaries, realizing a net profit of KD 331,050 recorded in the third quarter. Furthermore, the Company successfully completed the transfer of all «CapCorp» investments after obtaining the necessary regulatory approvals and settled legal disputes related to the Company's cases.

On the technological development front, the Company executed a comprehensive upgrade of its IT infrastructure and electronic applications supporting its Market Maker activities, adopting the BINS system for portfolio management and financial reporting, and the VESTO system for market making – making Al Safat Investment the first company in Kuwait to implement these global systems. Additionally, the Company expanded its Market Maker operations by signing agreements with two new companies relying on Al Safat's services.

Reflecting its commitment to protecting shareholders' rights and maximizing returns, Al Safat Investment successfully concluded all negotiations concerning a major financial settlement with Evolvence UAE and Khalid Salem Al-Muhairi. As a result, a total value of AED 160 million settlement was granted to Al Safat, who already received a first installment of AED 60 million, the financial impact of which will be reflected in the first quarter of 2025.

Furthermore, occupancy rates at «The Blue» project in Ahmadi Industrial Zone rose to 91% compared to 65% in 2023, highlighting the success of the Company's leasing and real estate development strategies.

Subsidiaries Overview

Allow me to also present the key developments and achievements within our subsidiaries during 2024:

• **Shuaiba Industrial Company:**

A key player in Kuwait's paper packaging sector, with Al Safat Investment holding an 8.1% stake. Despite challenges such as rising raw material costs, the Company demonstrated remarkable resilience and stable profitability. Over the

Abdullah Hamad AlTerkait - Chairman

past five years, Shuaiba Industrial achieved an average annual profit growth of 14%, driven by operational efficiency improvements and margin expansions. Its EBITDA margin rose from 14.5% in 2020 to 17.2% in 2024, reflecting strong financial performance and strategic execution. Shuaiba Industrial continues to be a vital contributor to Al Safat's portfolio, demonstrating robust growth and market stability.

· Synergy Holding:

·Associate of AlSafat Investment.co., Synergy Holding achieved a major turnaround, moving from a net loss of KD 804.6 thousand in 2023 to a net profit of KD 59.7 thousand in 2024. This positive shift was driven by strategic initiatives and operational excellence. In 2024, Synergy recorded revenues of KD 4.45 million, representing a significant 55.6% increase compared to KD 2.86 million in 2023. This impressive growth stemmed from successful contract execution and the expansion of its services in oil field operations.

One of the year's major achievements was the extension of the airline services contract with Kuwait Oil Company (KOC), valued at KD 2.1 million, extended until December 2025. Furthermore, Synergy expanded regionally by establishing a branch in Saudi Arabia through one of its subsidiaries, positioning itself to capture growth opportunities in one of the region's most dynamic markets. Notably, in the first quarter of 2025, one of Synergy's subsidiaries secured a contract with KOC to supply turbines for deep oil wells, valued at KD 28.7 million.

· Al-Assriya Printing Press:

Operating in the paper and printing sector, the Press serves a diverse customer base. Over the past five years, it achieved a 55% revenue growth. In 2024, the Press continued its positive trajectory, with revenues growing moderately by 2.2%, reflecting stable demand for its services. Net profit increased by 14.9%, supported by improved cost management and strengthened financial standing.

The year concluded with an achievement reflecting Al Safat Investment's commitment to regulatory compliance – the 2024 Capital Markets Authority report was free of any violations or warnings, reinforcing the Company's adherence to the highest standards of governance and transparency.

Financial Performance 2024

The Company recorded a net profit of KD 218 thousand for the fiscal year 2024. Operating profit improved significantly, shifting from an operating loss of KD (802) thousand in 2023 to an operating profit of KD 66 thousand in 2024 – an improvement of 108% compared to the previous year.

Administrative and professional fees decreased from KD 3.2 million in 2023 to KD 2.8 million in 2024, representing a 12.5% reduction.

This positive performance led to an increase in shareholders' equity, rising from KD 29.4 million in 2023 to KD 30.5 million in 2024, an increase of KD 1.1 million.

In line with governance requirements, the Executive Management has submitted a declaration to the Board of Directors affirming the accuracy and integrity of the Company's financial reports. These reports are presented fairly and appropriately, reflecting all financial aspects, including data and operational results. They are also prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the relevant authority. Based on this, the Board of Directors assures the esteemed shareholders of the soundness, transparency, and integrity of all financial statements and related reports concerning the Company's operations.

Corporate Social Responsibility (CSR) 2024

We are committed to continuously enhancing our vision for corporate social responsibility (CSR). Our approach extends beyond charitable activities to addressing societal needs innovatively and meaningfully. Public awareness and education remain vital pillars of our CSR efforts,

Report of the Board of Directors for 2024

especially in areas like health and technology.

This year, we enhanced community culture by organizing public lectures and seminars on diverse technological topics, including cybersecurity and artificial intelligence. Health awareness was also a focus, as we hosted a wellness workshop led by Ms. Yasmine Al-Abdulghader, discussing workplace mental health and stress management techniques.

Children's welfare was also prioritized. Al Safat collaborated with the National Association for Child Care (KACCH) and Bayt Abdullah Children's Hospice (BACCH) to host a fully sponsored fun day at the «E-Joy» play area for children undergoing treatment and their families.

Additionally, Al Safat participated in the final event of the SHIFT program, empowering Kuwaiti women in finance and investment. University students received specialized training courses, helping them to conceptualize and prepare investment project ideas.

Future Aspirations

Al Safat Investment Company is poised to achieve sustainable growth through an integrated strategy focusing on seizing promising investment opportunities and strengthening its market position through diversification across various sectors and channels.

We aim to leverage opportunities both locally and internationally, fostering collaborations that enhance liquidity and professional expertise, while minimizing investment risks and maximizing returns for our shareholders.

The Company intends to continue the strategic exit from matured investments and prudently reinvest liquidity into projects compliant with Islamic Shariah principles. Additionally, Al Safat will pursue local expansion, exploring new markets and innovative investment sectors aligned with evolving market demands.

We are also committed to developing our human capital through advanced training programs to ensure that our workforce remains at the forefront of industry advancements.

Moreover, we affirm our commitment to policies of risk diversification and mitigation to achieve sustainable financial stability and to strengthen investor confidence, consolidating our status as a leading investment company capable of navigating a dynamic economic environment.

Acknowledgment and Appreciation

In conclusion, I would like to extend my sincere thanks and appreciation to all our shareholders, Board members, and the executive management for their continuous and dedicated support of Al Safat Investment's activities and success.

I also extend my gratitude to Kuwait's regulatory authorities, including the Capital Markets Authority, the Ministry of Commerce and Industry, and the Central Bank of Kuwait, for their ongoing cooperation and their efforts to develop and enhance the country's financial markets, contributing to greater stability and growth in this vital sector.

Abdullah Hamad Al-Terkait
Chairman

Corporate Governance Report for Al Safat Investment Company (ASIC) For the Fiscal Year ending as of December 31, 2024

Overview of Governance Principles

Al Safat Investment Co. holds the strong conviction that an efficient corporate governance framework constitutes a significant factor in achieving business success. Recognizing its importance in fostering trust and providing opportunities for the implementation of comprehensive and sustainable changes consistent with the company›s values, a primary objective of the company and its management is to establish a robust and practical governance framework. This framework will take into account the rights of stakeholders and investors, comply with relevant regulatory requirements, and recognize environmental, social, health, and economic targets.

Al Safat Investment Co. relies on its effective risk management capabilities to continue realizing key governance targets, capitalize on new opportunities, meet increasing demands, and maintain compliance with the requirements of regulatory authorities in the State of Kuwait.

Al Safat Investment Co. believes that its long-term success depends on good governance in addition to effective, leading and forward-looking management that would strengthen the rules of this governance.

Rule One

Building a Balanced Structure of the Board of Directors

Given the rapid evolution of the business environment, a diverse Board of Directors is a key factor for success today. Consequently, Al Safat Investment Co.›s Board comprises experienced and skilled individuals, fostering a balanced and effective structure that addresses current business needs.

Al Safat Investment Co. Board of Directors plays a pivotal role in balancing the achievement of the company's strategic goals and, consequently, those of its shareholders. The Board has committed itself to upholding good governance standards by actively implementing governance rules that follow best practices, a comprehensive set of policies, procedures, and mechanisms, and by clearly defining the responsibilities and duties of both the Board of Directors and Executive Management. This commitment is made with due consideration for the rights of shareholders, stakeholders, customers, management, employees, and society.

The Board of Directors of Al Safat Investment Co. comprises seven members elected by the company›s general meeting for a three-year term. Formed to align with the company's size and activities, the Board is structured with a majority of non-executive members (three), two independent members, and one executive member. These individuals collectively possess diverse experiences and specialized skills that enhance the efficiency of decision-making.

The board of directors comprises members with the necessary academic qualifications, experience, and skills for the company›s activities, as detailed in the following schedule:

Name	Capacity	Qualifications and experience	Date of Election/ appointing Secretary
Abdullah Hamad Al-Terkait	Chairman/ Non-Executive	- MBA Degree from the UK - Bachelor's degree in public administration and political science. - 20 year-experience	30 March 2022
Zeyad Tareq Al Mukhaizim	Vice Chairman/ CEO/ Executive	- MBA Degree - Bachelor›s degree in engineering - 21-year experience	1st May 2024
Yousef Sulaiman AlThuwaikh	Member/ Non-Executive	- Bachelor's degree in accounting - 30-year experience	1st May 2024
Ahmed Fathy Abouzeid	Member/ Non-Executive	- Bachelor's degree in accounting - 30-year experience	26 June 2024
Abdul Muhsen Sulaiman Al Meshan	Member/ Independent	- Bachelor's degree in international finance and marketing. - 45 year-experience.	30 March 2022
Mishal Ahmad Al Jareki	Member/ Independent	- Master of Business Administration with specialization in General and Strategic Management. - Bachelor's degree in accounting. - 19.5 year- experience.	30 March 2022
Dr. Anwar Ali Al Naqi	Member/ Independent	- Ph.D., master's and bachelor's degree in civil engineering. - Bachelor's degree in architecture. - 47 year- experience.	30 March 2022
Khawla Mohammad Awad Kandeel	Secretary of the Board	- Technical Certificate in Business Administration. - 27- year experience	23 February 2014

Members of the Board of Directors dedicate sufficient time to review all tasks & responsibilities assigned to them; they meet at the invitation of the chairman.

Summary of the Board's Meetings:

The Board of Directors held nine meetings and passed one resolution during the year 2024, as shown in the following statement:

Member / Meeting Date	Abdullah Hamad Al-Terkait	Fahad Abdul Rahman Al Mukhaizim	Abdul Muhsen Sulaiman Al Meshan	Dr. Anwar Ali Al Naqi	Nasser Bader Al Sharhan	Abdul Razzaq Zaid Al Dhubayan	Mishal Ahmad Al Jareki
Meeting (1), dated 28/2/2024	√	√	√	√	√	√	√
Meeting (2), dated 14/3/2024	√	√	√	√	√	√	√
Meeting (3), dated 18/4/2024	√	Resignation	√	√	Resignation	Resignation	√
Member / Meeting Date	**Abdullah Hamad Al-Terkait**	**Zeyad Tareq Al Mukhaizim**	**Abdul Muhsen Sulaiman Al Meshan**	**Dr. Anwar Ali Al Naqi**	**Yousef Sulaiman AlThuwaikh**	**Ahmed Fathy Abouzeid**	**Mishal Ahmad Al Jareki**
Meeting (4), dated 1/5/2024	√	√	√	√	√	√	√
Meeting (5), dated 15/5/2024	√	√	√	√	√	√	√
Meeting (6), dated 26/6/2024	√	√	√	√	√	√	√
Meeting (7), dated 14/8/2024	√	√	√	√	√	√	√
Meeting (8), dated 06/11/2024	√	√	√	√	√	√	√
Meeting (9), dated 19/12/2024	√	√	√	√	√	√	√

The manner of applying the requirements of registration, coordination and keeping minutes of Board meetings

The Board Secretary manages and coordinates various Board activities in accordance with governance rules. The Board Secretary is appointed or dismissed by a decision of the Board. Under supervision by Chairman of the Board, the Secretary checks the adherence to the procedures approved by the Board relating to exchange of information between Board members, associated Committees and the Executive Management, as well as setting Board meetings schedules, sending invitations at least 3 working days prior to the meetings, excluding emergency meetings. The Secretary is tasked with transcribing the minutes of Board meetings as well as attendance of members, and ensuring that information is delivered and distributed properly, and coordinating between Board members and stakeholders including shareholders, various company departments and concerned employees.

The independent member's declaration of meeting the independence criteria stipulated in Article (2-3) of Book Fifteen (Corporate Governance) is attached to this report.

Rule Two

Properly defining tasks and responsibilities

Brief note on how the company sets the policy, tasks, responsibilities and duties of each member of the Board and the Executive Management, as well as the powers and terms of reference delegated to Executive Management:

- Al Safat Investment Company's Board of Directors is responsible for supervising overall performance, defining strategic orientation and goals, approving and periodically reviewing the overall strategy, and setting the company's organizational and administrative structure and supervisory regulations. Furthermore, the Board oversees Executive Management's performance and strategic execution. It also monitors and prevents conflicts of interest and the misuse of influence. Additionally, the Board is responsible for approving accurate consolidated financial statements prepared in accordance with IFRS, and for establishing the necessary internal control framework to ensure these statements are free from material errors.
- Al Safat Investment Co. has established a detailed framework, approved by the Board, delineating the tasks, responsibilities, and duties of Board members and the Executive Management, as well as the latter's mandated powers and terms of reference.

The following are the main tasks and responsibilities of the Board:

1. Approval of the principal goals, strategies, plans and policies of the company.
2. Approval of the annual interim budgets and the quarterly and annual financial statements.
3. Supervising the company's main capital spending and its ownership of assets and investments.
4. Ensuring the company's departments adhere to policies and procedures for compliance with applicable internal regulations and rules.
5. Verifying the accuracy and validity of data before disclosure, as required by transparency policies and systems.
6. Establish effective communication channels to provide shareholders with access to periodic and continuous information about the activities of the company and any relevant major developments.
7. Designing the corporate governance structure, providing general supervision, evaluating its efficacy, and implementing required modifications.
8. Monitoring the performance of the Board, committees, and Executive Management by using key performance indicators.
9. Preparing the annual report to be presented to the General Assembly and formation of specialized committees in accordance with regulatory authorities' requirements and defining responsibilities, rights and obligations.
10. Defining powers of Executive Management and the decision-making process.
11. Following up the performance of the Executive Management members and ensuring their completion of all tasks assigned to them.
12. Defining the policy of regulating the relationship with stakeholders in order to protect their rights.
13. Preparing a mechanism for regulating the transactions with the related parties in order to avoid conflict of interest.
14. Establishing sound financial and accounting controls, employing key risk indicators and their analysis, and evaluating the company's risk tolerance.

Executive Management's key tasks and responsibilities are:

1- Working towards carrying out all the company policies and internal regulations as approved by the BoD.

2- Preparing periodic reports on the progress of the company activity in light of its strategic plans and goals and submitting these reports to the BoD.

3- The establishment of an integrated accounting system is necessary to ensure the separate and accurate reflection of financial data and income accounts. This system will support the

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preservation of the company's assets and the preparation of financial statements in accordance with international accounting standards mandated by the Capital Markets Authority.

4- Efficiently run the company's day-to-day activities and resources to maximize profits and minimize costs, aligning with our goals and strategy.

5- Collaborating actively to develop and embed a strong code of ethics within the company culture.

6- Setting systems of internal oversight and risk management and ensuring their efficiency, comprehensiveness and adequacy, and adherence to risk tolerance as approved by BoD.

Achievements of the Board in 2024:

To fulfill its responsibilities for optimal financial and operational performance and the successful execution of the company's strategic plan, the Board achieved several key milestones in 2024, including:

1- Approved the audited and consolidated annual financial statements.

2- Approved the re-appointment of Mr. Abdul Karim Abdullah Abdul Karim Al-Samdan of Al-Aiban and Al-Osaimi office (EY) to serve as the company's external auditor for the fiscal year ending December 31, 2024.

3- Approved appointing a new external Sharia auditor (Osol for Sharia Consulting).

4- The Board of Directors and Executive Management signed the annual pledge form, affirming the integrity and soundness of the financial data.

5- The recommendation is to withhold dividends distribution for the fiscal year ending December 31, 2023.

6- Approved the Nominations and Remuneration Committee's recommendations, specifically regarding:

- Confirming the independence of the independent board member and their signed declaration.
- Endorsing the annual remuneration report for the Board and Executive Management for the General Assembly presentation.
- Agreeing with the recommendation of no remuneration for board members for the fiscal year ending December 31, 2023, and its submission to the General Assembly.
- Approving the annual corporate governance report for the next General Assembly.
- Approving the annual report for the Annual General Assembly.
- Approving the comprehensive annual report.

7- Approve the Annual Ordinary General Assembly agenda.

8- Approve the Compliance Department's annual report on anti-money laundering and combating the financing of terrorism.

9- Approve the independent auditor's annual report on Module Seven: Clients' Funds and Assets.

10- Approve the independent auditor's annual report on Module Sixteen: Anti-Money Laundering.

11- Reviewed the annual Internal Control Review (ICR) report.

12- Approved the annual and semi-annual risk reports.

13- Approved the draft condensed and consolidated interim financial statements (unaudited).

14- Followed up on observations and violations issued by regulatory authorities, recommending their resolution and future prevention.

15- Approved the company's updated policies and procedures in accordance with Capital Markets Authority guidelines.

16- Evaluated Board member performance and review evaluations of Board committee members (Audit, Risk, Remuneration and Nominations) and the CEO's performance.

17- Provision of the annual training course entitled Anti-Money Laundering and Combating the Financing of Terrorism.

A summary of the requirements for establishing the Board's specialized independent committees, detailing the necessary information for each.

The Board has actively strengthened its supervision of company operations by forming sub-committees and approving their charters, which outline their specific responsibilities and terms of reference. Committee members bring valuable technical and practical skills to effectively fulfill their assigned duties.

1. Audit Committee

Formation of the committee: 27 April 2022. The committee's new composition, effective May 15, 2024, is detailed below.

Term of the committee: dependent on the term and mandate of the current Board of Directors

Members of the committee:

Mr. Yousef Sulaiman AlThuwaikh - Chairman

Mr. Mishal Ahmad Al Jareki- Vice Chairman

Mr. Abdul Muhsen Sulaiman Al Meshan – Member

The number of meetings held during 2024: Eight meetings.

Responsibilities and achievements of the committee in 2024

- Reviewed the draft interim and annual financial statements and recommended them to the Board of Directors for approval.
- Submitted a recommendation to reappoint Mr. Abdul Karim Abdullah Abdul Karim Al-Samdan of Al-Aiban and Al-Osaimi office (EY) to serve as the company's external auditor for the financial year ending December 31, 2024.
- Submitted a recommendation to reappoint the external Sharia auditor (Osol for Sharia Consulting) for the fiscal year ending December 31, 2024.
- Revised the Audit Committee Charter and recommended Board approval.
- Reviewed updated departmental policies and procedures, recommending Board approval.
- Approved the annual internal audit plan from BDO Al Nisf and Partners following Authority engagement approval.
- Held quarterly meetings with the internal auditor to discuss audit report findings across all departments.
- Reviewed internal audit reports for all departments and assigned follow-up on observations to relevant individuals for resolution with company managers.
- Reviewed interim and annual internal Sharia audit reports to ensure the Sharia audit unit's oversight of company activities and Sharia compliance.
- Reviewed interim and annual reports from the external Sharia auditor.
- Reviewed the annual Internal Control Review (ICR) and tasked relevant management with

addressing report observations with respective departments.

- Reviewed the annual anti-money laundering report (submitted via the Capital Markets Authority's portal and the auditor's report) and recommended Board approval and timely submission to the Authority.
- Reviewed findings from regulatory authorities' reports regarding observation handling and future remediation efforts.
- No conflicts arose between the Committee and Board recommendations during the year.

2. Risk Committee:

Formation of the committee: 27 April 2022. The committee's new composition, effective May 15, 2024, is detailed below.

Term of the committee: dependent on the term and mandate of the current Board of Directors

Members of the committee:

Mr. Mishal Ahmad Al Jareki-Chairman

Mr. Abdul Muhsen Sulaiman Al Meshan- Vice Chairman

Mr. Zeyad Tareq Al Mukhaizim – Member

The number of meetings held during 2024: Eight meetings

Responsibilities and achievements of the committee in 2024:

- Approved the semi-annual risk reports submitted to the Capital Markets Authority (CMA) for the periods ending December 31, 2023, and June 30, 2024, and recommended presenting the reports to the Board of Directors for follow-up and addressing any observations.
- Ensured the independence of risk management and the impartiality of management reports.
- Approved Allinial Al Basam's appointment for the 2024 risk management development.
- Review risk reports on related-party transactions.
- Update and submit the Risk Committee charter for Board approval.
- Update and submit the Risk Management Policies and Procedures Manual for Board approval.
- Update the risk appetite and recommend it for Board approval.
- Update the Disaster Recovery and Business Continuity Testing Plan Manual for Board approval and carry out the annual testing.

3. Remuneration and Nomination Committee:

Formation of the committee: 27 April 2022

Term of the committee: dependent on the term and mandate of the current Board of Directors

Members of the committee:

Mr. Abdullah Hamad Al-Terkait- Chairman

Dr. Anwar Ali Al Naqi- Vice Chairman

Mr. Abdul Muhsen Sulaiman Al Meshan – Member

The number of meetings held during 2024: Four meetings

Responsibilities and achievements of the committee during 2024

- Updated the Remuneration and Nominations Committee Charter and submitted it to the Board of Directors for approval.

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- Discussed the annual compensation requirements for the Board's committees and approved the compensation requirements for committee members.
- Reviewed the annual remuneration report for members of the Board of Directors and Executive Management and submitted the recommendation to the Board of Directors.
- Reviewed the annual Corporate Governance Report and submitted it to the Board of Directors for approval, prior to its presentation to the General Assembly.
- Ensured that the independent members of the Board of Directors were not lacking in independence.
- Evaluated the annual performance of committee members.
- Prepared and submitted annual evaluation forms for the Board of Directors and its committees, in addition to the CEO's performance evaluation form, and submitted them to the Board of Directors.
- Reviewed the procedures for accepting the resignation of certain Board members, reviewed replacement letters received from legal entities holding membership, reviewed the new candidates' eligibility requirements, and submitted a recommendation to the Board of Directors to obtain the Authority's approval to open by-elections.

4. Provisions Committee:

Formation of the committee: 27 April 2022. The committee's new composition, effective May 15, 2024, is detailed below.

Term of the committee: dependent on the decision of the current Board of Directors

Members of the committee:

Mr. Yousef Sulaiman AlThuwaikh -Chairman

Mr. Herarld Leo Fernandes -Member and Committee Rapporteur

Bassem Jaafar Abdoun-Member

The number of meetings held during 2024: Two meetings

Responsibilities and achievements of the committee in 2024:

- Approved new provisions.

Brief on how to implement the requirements that allow Board members to obtain information and data accurately and in a timely manner:

The company has an effective mechanism that allows members of the Board of Directors in general and non-executive and independent Board members in particular to obtain all the basic data and information that enable them to carry out and implement their duties through coordination with the Secretary of the Board of Directors, and in accordance with relevant laws and legislations. Members receive the agenda and all relevant documents three working days before the meeting, ensuring ample time for review and informed decisions.

Rule Three
Selecting qualified persons for Board membership and Executive Management

Brief on implementation of requirements for formation of nomination and remuneration committee:

The nomination and remuneration committee assists the Board of Directors in performing supervisory responsibilities, including: effectiveness, integrity and adherence to the Company's nomination and remuneration policies and procedures, reviewing and approving selection criteria and appointment procedures for members of the Board of Directors and top management, and ensuring that the policy and methodology of nominations and remuneration as a whole is in line with the strategic objectives of the company. Also, the committee shall meet on a regular basis, at least once a year, as needed.

The nomination mechanism in place within the company ensures the continuity of selecting and attracting competencies either to run for membership of the Board of Directors or of the Executive Management. The Board of Directors formed a nomination and remuneration committee in accordance with the governance rules, with the committee having to include an independent member. The committee's work charter approved by the Board includes the following:

- Recommendation to accept the nomination and re-nomination of members of the Board and the Executive Management.
- Setting a clear policy for the remuneration of the members of the Board of Directors and the Executive Management.
- Determine the required skill requirements appropriate to the membership of the Board and review these requirements annually.
- Attract applications for those wishing to occupy executive positions as needed, and study and review these requests.
- Establish clear tiers for employee rewards.
- Prepare job description for the Executive Board members, non-executive members, and independent members.
- Propose the nomination and re-nomination of members for elections by the General Assembly and ensure that the independence status of independent members is not eliminated.
- Establish processes for assessing the Board's, individual members', and Executive Management's effectiveness.
- Establish objective metrics to assess the performance of the entire board, individual directors, and executive management.
- Review and suggest training programs and workshops for members of the Board of Directors and executive management.
- Reviewing the payroll and job grades periodically.
- Prepare a detailed annual report on all bonuses granted to members of the Board of Directors and Executive Management, whether they are amounts, benefits, or advantages, whatever their nature and name, provided that this report is presented to the company's General Assembly for approval.

Report on Board and Executive Management Remuneration:

I) Board of Directors Remuneration Policy

Al Safat Investment Co. adopts a transparent policy relating to the renumeration of BoD members whether for charging their duties and attendance of Board meetings or meetings of its committees. The company's approach to compensating Board members is governed by the stipulations of Companies Law, the directives issued by the Capital Markets Authority, the company's own established policies, and its articles of association.

Second: Remuneration policy for the Executive Management

II) Remunerations of the Executive Management

The remuneration framework of the executive management is tied to how well the company performs and meets its goals, considering its size, industry, and the risks and responsibilities involved. This approach aims to make employees feel valued and loyal, keep talented people, and motivate everyone to help the company succeed strategically. Ultimately, this boosts ongoing profits for the benefit of the company, shareholders, investors, stakeholders, and related parties. Renumeration includes a fixed part (salary, bonuses, benefits) and a variable part (annual performance bonuses).

The following remuneration report for members of the Board of Directors, Executive Management, and individuals in similar positions for the fiscal year ending December 31, 2024, has been prepared in accordance with corporate governance requirements.

Remunerations and Benefits of Board Members							
Remunerations and Benefits by Affiliates				Remunerations and Benefits by Parent Company			Total Members
Variable Remunerations and Benefits (KD)		Fixed Remunerations and Benefits (KD)		Variable Remunerations and Benefits (KD)		Fixed Remunerations and Benefits (KD)	
Committees Remunerations	Annual Remunerations	Monthly Salaries (Total during the Year)	Health Insurance	Committees Remunerations	Annual Remunerations	Health Insurance	
0	100,000	48,000	1,933	70,000	0	0	7

Remunerations and Benefits of Senior Executives and Equivalents														
Remunerations and Benefits by Affiliates							Remunerations and Benefits by Parent Company							Total Executive Positions
Variable Remunerations and Benefits (KD)	Fixed Remunerations and Benefits (KD)						Variable Remunerations and Benefits (KD)	Fixed Remunerations and Benefits (KD)						
Annual Remunerations	Education Allowance	Transport Allowance	House Allowance	Annual Tickets	Health Insurance	Monthly Salaries	Annual Remunerations	Education Allowance	Transport Allowance	House Allowance	Annual Tickets	Health Insurance	Total Monthly Salaries during the Year	
0	0	0	0	0	0	0	90,350	8,000	0	-	-	10,546	320,000	7

· Any material deviations from the remunerations policy approved by the Board.
N/A

Rule Four:

Ensuring the integrity of financial reports

The Board of Directors and the Executive Management pledge in writing to the integrity of the financial reports prepared.

The company's annual report includes written pledges to both the Board and Executive Management of the integrity of the prepared financial reports.

Brief on implementation of the requirements for the formation of the Audit Committee:

The primary role of the Audit Committee is to supervise all audit matters and ensure the integrity of financial reports and internal control systems. The Audit Committee performs the following tasks, for example and not limited to:

- Reviewing the periodic financial statements before submitting them to the Board of Directors and providing an opinion and recommendation on them to the Board, to ensure fairness and transparency of financial reporting.
- Recommending to the Board of Directors the appointment, reappointment, or replacement of external auditors and determining their remuneration, ensuring their independence and reviewing their letters of appointment.
- Monitoring the work of the external auditors and ensuring they do not provide services to the company beyond those required by the auditing profession.
- Reviewing the external auditors' observations on the company's financial statements and following up on any actions taken.
- Studying the accounting policies in place and providing an opinion and recommendation on them to the Board of Directors.
- Evaluating the adequacy of the internal control systems implemented within the company and preparing a report containing the committee's opinion and recommendations.
- Technically supervising the company's internal audit department to verify its effectiveness in carrying out the work and tasks specified by the Board of Directors.
- Recommending the appointment, transfer, and dismissal of the internal audit manager, and evaluating their performance and the performance of the internal audit department.
- Reviewing and approving the audit plans proposed by the internal auditor and providing comments on them.
- Reviewing the results of internal audit reports and ensuring that necessary corrective actions have been taken regarding the observations contained therein. The committee held meetings with the internal auditor four times in 2024.
- Reviewing the results of regulatory reports and ensuring that necessary actions have been taken.
- Ensuring the company's compliance with relevant laws, policies, systems, and instructions.
- In 2024, the Audit Committee's recommendations aligned with the Board of Directors' decisions.

Independence & Impartiality of the External Auditor

The appointment of the auditor requires the approval of the General Assembly, subsequent to a recommendation from the Board of Directors and confirmation by the Audit Committee that the proposed auditor is registered in the CMA's register and satisfies all the criteria outlined in the CMA's decision concerning the Auditors' Register System. At the Annual General Assembly meeting, the shareholders recommended the reappointment of the company's external auditor for the fiscal year ending December 31, 2024, namely Mr. Abdul Karim Abdullah Abdul Karim Al-Samdan of the Al-Aiban and Al-Osaimi (EY) office.

The external auditor carries out an independent annual audit and a quarterly review with the aim of confirming that the financial statements are prepared in accordance with IFRS approved by the regulatory authorities in the State of Kuwait.

Rule Five

Establish Appropriate Systems for Risk Management & Internal Control

Requirements for the formation of independent Risk Management:

Al Safat Investment Co. has established risk management regulations and effective measures to define, evaluate, gauge, and manage the major risks facing the company. Risk management is the joint responsibility of the company's management and employees. The Risk Management department is charged with ensuring that employees are aware of the importance of risk management and carry out their tasks accordingly. The Head of Risk Management measures, monitors, and limits the various potential risks facing the company.

Requirements for the formation of a Risk Management Committee:

As an independent body created by the Board of Directors, the Risk Committee focuses specifically on risk management. Its key responsibility is the creation of risk management policies and regulations that reflect the company's risk appetite. The committee consists of three members, with a Risk Committee Chairman separate from the Board Chairman, each serving a three-year term. The Risk Committee adheres to the Corporate Governance Rules in its operations and holds meetings at a minimum of once per quarter, maintaining meeting minutes.

The Risk Committee identifies, measures, and monitors risks the company is exposed to in collaboration with the Executive Management and the company`s Risk Management Officer. The committee provides the Board with advice on the current and future risk strategy and policy and supervises the company`s strategy approved by the Board of Directors. The Risk Committee also reviews the company's Risk Management policies and procedures in accordance with the reports submitted by the Risk Management Officer prior to approval by the Board. In addition, the committee develops the policies and procedures for managing various types of risks. It is also responsible for identifying, measuring, monitoring and supervising the system of risks the company is exposed to and preparing reports thereon. The committee also follows up the results of the assessment reports and monitors the company`s risk exposure.

Overall, the committee verifies the consistency of the company`s business strategy and its business activities with the risk appetite approved by the Board. It also follows up the preparation of risk policies, procedures and methodologies in a manner that is consistent with the risk appetite and supervises the development and implementation of an appropriate structure and systems for risk management in addition to ensuring the provision of an adequate level of risk control and regulations related to the company's business.

Internal Control System:

The company is keen on establishing a comprehensive internal control system covering all its activities to ensure overall financial soundness, data accuracy, and operational efficiency. This system incorporates the principle of dual control within the company's organizational structure through:

- Establishing appropriate roles and responsibilities.
- Complete separation of duties and no conflict of interest through the continuous updating of the organizational structure of the company
- Dual inspection and control (Internal Audit Department and Audit Committee)
- Dual signature (all cheques and contracts are signed or certified by more than one person according to the table of powers approved by the Board of Directors.
- Appointing an external auditor to audit internal control systems and preparing an annual report to be submitted to CMA per annum within a maximum of 90 days from the end date of the financial year.

The company's Conformity and Compliance Management encompasses a range of distinct skills and expertise to ensure adherence to all rules and bylaws. This management function, a crucial tool for internal control and regulation, collaborates with Audit Management and Risk Management to implement inspection procedures and dual controls. The Board of Directors ensures the ongoing effectiveness of these management functions.

The Requirements for Establishing an Independent Internal Audit Department:

The company's Internal Audit Department establishes audit policies and procedures to support the implementation of its governance framework. This is accomplished through ongoing evaluation of executive management's performance in implementing internal controls, as well as internal control methods and procedures, with recommendations for improvement to enhance the internal system's efficiency and effectiveness. Consequently, the Board of Directors, via the Audit Committee, has assigned the Internal Audit Department its duties and responsibilities. Therefore, the department maintains complete technical independence and reports directly to the Audit Committee, which is part of the Board of Directors.

One of the most important responsibilities of the Internal Audit department at Al-Safat Investment Company is to provide the Board of Directors and Executive Management with an independent and objective opinion on the availability of controls, and adequate and appropriate guarantees to support the company's activities, improve the effectiveness of controls, risk management and governance processes.

The independence of the Internal Audit Department is crucial for successful audit missions. Therefore, the department reports directly to the Audit Committee of the Company's Board of Directors. The Audit Committee also approves the organizational structure, internal audit charter and policy, audit plans, risk assessment methodology, and the evaluation of the department's achievements and job performance. The Committee meets quarterly with the Director of Internal Audit.

Rule Six

Promoting professional behavior and ethical values:

Standards and determinants of the Code of Ethics and Business Conduct:

The Code of Ethics and Business Conduct includes standards of behavior that all company employees must follow and consider daily in all transactions in the workplace. If any concerns or doubts about non-compliance with the code of ethics are raised, the company seeks to motivate and create a culture of immediate reporting to the competent unit through several channels, including line manager, human resources, legal affairs, and conformity and compliance management. Meanwhile, no accountability measures or legal consequences of any kind should be taken against any person reporting concerns or doubts related to legal or statutory violations.

Policies and mechanisms for limiting conflicts of interest:

The company follows procedures and mechanisms for limiting conflict of interest cases, whereby members of the Board of Directors are keen on protecting the interest of shareholders, avoiding conflicts of interest with their personal interests as well as carrying out the tasks assigned to them.

These mechanisms aim to prevent conflicts of interest and the use of insider information to achieve personal gains. These mechanisms are also part of the company's commitment to integrity in dealing with related parties. Al Safat Investment Co. has been keen to prepare a set of policies and procedures that ensure that the company's assets and resources are not used to achieve personal interests, including the policies of dealing with related parties, confidentiality and security of information and reporting illegal practices.

Rule Seven:

Timely and Accurate Disclosure and Transparency

Accurate and transparent presentation and disclosure mechanisms that define the aspects, areas and characteristics of disclosure:

Al Safat Investment Co. discloses continuously and in an accurate and timely manner all transactions and properties carried out by it or by clients of its investment portfolios. It also discloses all the quarterly and annual financial statements upon their completion and without delay, in order to ensure the reassurance of shareholders and investors of the company's conditions. The company is keen that all its disclosures are consistent with the standards imposed by CMA in this regard.

Requirements of Disclosure Record for Board Members and Executive Management:

Board of Directors set transparent, accurate and timely presentation and disclosure mechanisms as follows:

- The Board of Directors put in place presentation and disclosure mechanisms in line with corporate governance rules.
- The company established a record of disclosures for Board members and Executive Management.
- The company established the Investor Affairs Unit responsible for providing the necessary data, information and reports to its potential investors. As it reports to the Board of Directors, the Investor Affairs Unit enjoys appropriate independence in a way that enables it to provide data, information and reports in a timely and accurate manner. This should be achieved through common channels of disclosures, including the company's website.
- The company has also developed an IT infrastructure on which it relies heavily on disclosures, while the company's website displays a corporate governance section.

Requirements of formation of Investor Affairs Unit:

Al Safat Investment Co. has established a dedicated Investor Affairs Unit, as directed by its Board and in accordance with Corporate Governance Rules. This unit has specific policies and procedures in place to manage investor relations, handle their inquiries, and ensure timely provision of essential data, information, and reports through established disclosure channels.

Developing the infrastructure of Information technology:

Al Safat Investment Co. is keen to update its website to include all data and information integral to disclose information of interest to shareholders and investors and to add all necessary data in accordance with governance rules. During this year, the company has also updated and developed its website to include the latest data and information of concern to prospective shareholders and investors.

Rule Eight

Respecting shareholders' rights:

Requirements for defining and protecting the general rights of shareholders:

Al Safat Investment Co.'s board of directors established a shareholder policy to empower informed decision-making. This policy, rooted in principles of fairness, equality, and transparency, ensures all shareholders have consistent and straightforward access to crucial company information. This includes details about the company's financial health, strategic objectives, governance practices, and risk assessments.

Establishing private records to be kept with the clearing agency:

The agreement concluded between Al Safat Investment Co. and the Kuwait Clearing Company stipulates that the latter shall keep a record of the shareholders of Al-Safat Investment Company and update it according to the completed transactions. The company also maintains an e-register for the shareholders that includes any changes to the completed transactions, with any party concerned being entitled to view that record.

Encouraging shareholders to participate and vote in the meetings of the company's assemblies:

Al Safat Investment Company encourages its shareholders to participate actively in the General Assembly meetings, sending them the necessary invitations, the agenda, the necessary attachments, time and place of the meeting, and the statement of shareholders rights to exercise their voting rights with no barriers.

Some of the shareholder rights include, but are not limited to, the following:

- Right to receive their share of dividend distribution.
- Right to receive their share of Company's assets, in case of liquidation in accordance with the Companies Law.
- Right to receive information and data related to the Company's activities and its strategies on a regular basis.
- Right to participate in the General Assembly meetings of shareholders and vote on decisions in accordance with laws and regulations.
- Right to elect members to the Board of Directors.
- Right to monitor the Company's performance in general and that of the Board of Directors in particular.
- Right to hold the Board of Directors and the Executive Management of the Company accountable in accordance with the Companies Law.
- Right to record the value of shares owned.
- Right to register and transfer the ownership of shares.
- Right to review the shareholders' register.

Corporate Governance Report for
Al Safat Investment Company (ASIC)
For the Fiscal Year ending as of December 31, 2024

Rule Nine:

Identifying Stakeholders' role

Regulations and policies of ensuring protection and recognition of stakeholders' rights

Al Safat Investment Co. conducted stakeholders` protection policy that has been tailored for ensuring respect and protection of related applicable laws in State of Kuwait such as labor law, companies' law and executive bylaws in addition to the signed contracts between both sides. This also includes any additional obligations of the company towards stakeholders to limit the potential conflict of interest considering that none of the stakeholders gains any advantage through the deals and contracts of the company's usual business.

The company also took the initiative of protecting all stakeholders' rights while maintaining stability and career sustainability through its sound financial performance. The stakeholders-like parties in the company have been identified in the conducted policy where guidelines for protecting these rights have been set.

Encouraging stakeholders to take part and follow up the various activities of the company

The company considers that none of the stakeholders gains any advantage from contracts and deals within the usual business of the company in an attempt to avoid conflict of interest between stakeholders and shareholders. The company also designs internal policies and bylaws with clear mechanism for tendering various contracts and deals.

Al Safat Investment Co. fosters a collaborative environment by creating ways for stakeholders to add value to the company and encourages their active involvement in monitoring its progress to achieve shared success. The company ensures stakeholders have consistent and timely access to all relevant business information, empowering them to stay informed. Furthermore, Al Safat Investment Co. has streamlined a confidential reporting process for stakeholders to raise concerns about any irregularities directly to the Board, with full protection for those who report in good faith.

Rule Ten

Fostering and improving performance

Mechanisms for providing members of Board of Directors and Executive Management with ongoing training programs and workshops.

To bolster company performance through strong governance, significant effort is directed towards the continuous training and qualifications of its Board of Directors and Executive Management. This is achieved by implementing training programs specifically designed to address the company's business, strategy, operational and financial domains, alongside its regulatory and legal requirements.

Overall appraisal of the Board of Directors' performance and appraisal of every member of the board of directors and Executive Management

Al Safat Investment Co. tailored policies and procedures as approved by the Board of Directors to implement official process for review of the annual performance of the Board of Directors and Board committees, while measuring the efficiency of their performance and their contribution to the company affairs.

The objective of the appraisal process is to create consistent regular and official methodology for assessing the performance of the Board of Directors and subcommittees, which contributes to the measures for improving their performance. This process also helps in presenting the recommendations of the Board of Directors to the shareholders during the reelection of members.

It is worth noting that the assessment of the Executive Management performance is deemed as a key tool for translating the company`s business plan into procedures while developing the company culture for achieving its strategic goals.

The Remuneration and Nominations Committee annually assesses the performance of the Board, its members and committees, and the CEO using specific evaluation forms. The Board then approves these results, adhering to the Corporate Governance Code and internal policy.

Board of Directors' efforts in creating corporate ethics for employees

Al Safat Investment Co. represented by the Board of Directors and Executive Management is keen on continuously stressing the importance of creating corporate ethics for all employees. This can be done through achieving the strategic goals of the company while improving the performance ratio, not to mention compliance with regulatory authorities' laws and the governance rules. In accordance with this, the company issues a number of periodic reports (annual report, annual governance report, audit committee report) that include holistic information on efforts to assess the members of the Board of Directors, Executive Management, shareholders and stakeholders and their ability to take sound and professional decisions.

Rule Eleven

I) Focus on the importance of social responsibility

Al Safat Investment Co. has implemented a social responsibility policy to foster understanding and highlight its commitment among employees, customers, shareholders, and investors. This policy clarifies its approach and future path regarding social responsibility, which it believes is achieved through:

- Respecting and being responsible for our employees and the community.
- Actively supporting and aiding the community.
- And protecting the environment by ensuring our products are environmentally sound and by proactively engaging in services that benefit the environment and address environmental concerns within the community.

II) Social Responsibility Initiatives in 2024:

Al Safat Investment Co. actively pursues corporate social responsibility as a voluntary commitment to the community and environment, aiming for sustainable development alongside profitability. Our initiatives go beyond charity, focusing on addressing local social needs through impactful activities like supporting education, environmental protection, and community empowerment. We prioritize public awareness and education, particularly in health and culture, as key channels for building trust and enhancing our company's image.

In 2024, we initiated a series of activities and events to support this goal, outlined as follows:

Free Awareness Lectures:

Al Safat Investment Co. offered free awareness lectures featuring national experts. Recent sessions included Engineer Hussein Al-Nakas on cybersecurity and Dr. Mohammed Khajah on artificial intelligence.

Additionally, the company provides ongoing health-focused seminars and workshops, such as a workshop on workplace mental health led by practitioner Yasmine Al-Abduljader.

These lectures benefit participants and underscore the company`s commitment to leveraging and promoting local talent.

Charity event: A fun day at Bayt Abullah

This year's charity event brought smiles to young faces at Bayt Abdullah. In collaboration with the Kuwait Association for the Care of Children in Hospital (KACCH) and Bayt Abdullah Children's Hospice (BACCH), the initiative hosted children and their families for a cost-free day of fun and games at e-joy play and entertainment space in Safat Tower. Sponsored by e-joy, this event offered a welcome escape from the challenges of illness and treatment, highlighting the power of charitable work in bringing joy to children.

Strengthening the Presence of Kuwaiti Women in Investment

Driven by our commitment to fostering financial literacy and engagement among women, including their active participation in finance and investment, our involvement in the SHIFT program's closing event underscored this conviction. This program, dedicated to empowering Kuwaiti women in finance and investment, served as a valuable initial step for us. It marked the beginning of a sustainable initiative to empower women in this sector through specialized training for promising female university students, enabling them to develop investment-related projects and ideas.

Social Media E-awareness Campaigns

Committed to investor safety and fraud prevention, Al Safat Investment Co. launched a year-long series of e-awareness campaigns on various social media platforms. These campaigns specifically targeted small and novice investors, warning them against potential fraud and deception. Our initiatives included tips and guidelines for investor safety, as well as campaigns against money laundering and the impersonation of reputable investment firms, their managers, and executives.

Thanks and Gratitude:

To conclude, I wish to express my profound gratitude to the Board of Directors for their steadfast support, confidence, and constructive engagement throughout this period. Their understanding of our company's present circumstances and future ambitions has been indispensable to reaching this significant milestone. I also acknowledge the invaluable contributions of the executive management and all employees, whose diligent efforts, innovative thinking, and comprehensive expertise have been pivotal to our company's advancement.

Al Safat Investment Company's continued progress is a result of effective leadership, rigorous oversight, and committed implementation, all directed towards ensuring sustained enhancement of our performance and results. Lastly, I extend my sincere appreciation to the regulatory authorities and our partners for their consistent cooperation and constructive support.

Abdullah Hamad AlTerkait
Chairman

Independent Board Member's Endorsement

إقرار أعضاء مجلس الإدارة المستقلين
باستيفاء شروط الاستقلالية وفق قواعد حوكمة الشركات

لأغراض قيام لجنة الترشيحات والمكافآت بدورها السنوي في التأكد من استيفاء الأعضاء المستقلين لشروط الاستقلالية المطلوبة وفق قواعد الحوكمة الصادرة عن هيئة أسواق المال بدولة الكويت ، يقر السادة أعضاء مجلس الإدارة المستقلين باستيفائهم للشروط المطلوبة والمحافظة عليها طوال فترة شغل عضوية مجلس الإدارة بصفة (عضو مستقل) لدى شركة الصفاة للاستثمار ، و بإخطار لجنة الترشيحات والمكافآت في حال طرأ أي تغيير على الشروط الاستقلالية المذكورة أدناه :

- ✓ أن لا يكون مالكاً لما نسبته 5% في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنه.
- ✓ أن لا تكون له صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة، أو الإدارة التنفيذية في الشركة أو في أي شركة من مجموعتها، أو الأطراف، الرئيسية ذات العلاقة.
- ✓ أن لا يكون عضو مجلس إدارة في أي شركة من مجموعتها.
- ✓ أن لا يكون موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
- ✓ أن لا يكون موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة. "

الاسم : عبدالمحسن سليمان المشعان

عضو مجلس الإدارة المستقل

التوقيع :

Independent Board Member's Endorsement

إقرار أعضاء مجلس الإدارة المستقلين
باستيفاء شروط الاستقلالية وفق قواعد حوكمة الشركات

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- ✓ أن لا يكون عضو مجلس إدارة في أي شركة من مجموعتها.
- ✓ أن لا يكون موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
- ✓ أن لا يكون موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة. "

الاسم : د. أنـور علـي النقـي

عضو مجلس الإدارة المستقل

التوقيع :

Independent Board Member's Endorsement

إقرار أعضاء مجلس الإدارة المستقلين
باستيفاء شروط الاستقلالية وفق قواعد حوكمة الشركات

لأغراض قيام لجنة الترشيحات والمكافآت بدورها السنوي في التأكد من استيفاء الأعضاء المستقلين لشروط الاستقلالية المطلوبة وفق قواعد الحوكمة الصادرة عن هيئة أسواق المال بدولة الكويت ، يقر السادة أعضاء مجلس الإدارة المستقلين باستيفائهم للشروط المطلوبة والمحافظة عليها طوال فترة شغل عضوية مجلس الإدارة بصفة (عضو مستقل) لدى شركة الصفاة للاستثمار ، و بإخطار لجنة الترشيحات والمكافآت في حال طرأ أي تغيير على الشروط الاستقلالية المذكورة أدناه :

- ✓ <u>أن لا يكون</u> مالكاً لما نسبته <u>5% في</u> المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنه.
- ✓ <u>أن لا تكون</u> له صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة، أو الإدارة التنفيذية في الشركة أو في أي شركة من مجموعتها، أو الأطراف، الرئيسية ذات العلاقة.
- ✓ <u>أن لا يكون</u> عضو مجلس إدارة في أي شركة من مجموعتها.
- ✓ <u>أن لا يكون</u> موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
- ✓ <u>أن لا يكون</u> موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة. "

الاسم : مشعل أحمد الجاركي
عضو مجلس الإدارة المستقل
التوقيع :

Annual Audit Committee Report for the year ended 31 December 2024

The Audit Committee at Al Safat Investment Company assists the Board of Directors in its supervisory responsibilities regarding the preparation of financial reports, internal control systems, and the audit process. The committee also oversees the company's procedures for ensuring compliance with laws, regulations, and professional codes of conduct. Furthermore, it aids the Board in supervising current and emerging risks associated with the company's activities by identifying pain points and implementing necessary corrective measures. To address these issues, the committee helps establish relevant regulations, evaluate their benefits, and submit recommendations to the Board. Additionally, the committee focuses on applying governance principles that align the objectives of both shareholders and company management, thereby enhancing investor confidence in the effectiveness of internal controls designed to protect their rights. By ensuring the safety and integrity of financial reports and the adequacy of internal control systems, the committee works to cultivate a culture of compliance within the company.

Moreover, the Audit Committee has taken necessary measures to implement corporate governance. These measures included updating existing auditing procedures and preparing the committee's minutes, decisions, and agendas. In 2024, the committee held four meetings with the internal auditor to discuss observations from internal audit reports and address them with relevant departments.

The Audit Committee plays a crucial role in reviewing and overseeing the external auditors› reports on the company›s quarterly and annual financial statements. This review occurs before the statements are submitted to the Board of Directors. The committee meets with the auditors as needed to ensure the reliability of the company›s financial statements and to confirm the independence and integrity of the external auditors. Their independent advice is included in the company's annual report. Furthermore, the reappointment of Mr. Abdulkarim Abdullah Abdulkarin Al Samdan from the Al Aiban & Al Osaimi (EY) office as an independent external auditor, chosen from the list of auditors licensed by the Capital Markets Authority, was recommended to both the Board of Directors and the General Assembly.

The Audit Committee also emphasized the commitment of the Board of Directors and Executive Management to submit clear written pledges of the integrity of the annual financial statements and the financial reports related to the company›s activity for the fiscal year ended 31 December 2024. The pledges also include all the financial aspects of the company along with the operational results, and state that they are prepared in accordance with the international financial reporting standards.

Formation of the Committee:

On May 15, 2024, a new Audit Committee was formed with the following members:

Name	BoD Membership	Committee Membership
Yousef Sulaiman AlThuwaikh	Member/ Non-Executive	Chairman
Mishal Ahmad Al Jareki	Member/ Independent	Vice Chairman
Abdul Muhsen Sulaiman Al Meshan	Member/ Independent	Member

The Committee's Meetings:

The Audit Committee held eight meetings in 2024 as shown below:

Meeting	Fahad Abdul Rahman Al-Mukhaizim	Naser Bader Al-Sharhan	Mishaal Ahmed Al-Jareki
Meeting (1), dated 06/02/2024	√	√	√
Meeting (2), dated 21/02/2024	√	√	√
Meeting (3), dated 14/3/2024	√	√	√
Meeting (4), dated 28/3/2024	√	√	√
Formation of a New Audit Committee	**Yousef Sulaiman AlThuwaikh**	**Abdul Muhsen Sulaiman Al Meshan**	**Mishal Ahmad Al Jareki**
Meeting (5), dated 15/5/2024	√	√	√
Meeting (6), dated 14/8/2024	√	√	√
Meeting (7), dated 6/11/2024	√	√	√
Meeting (8), dated 29/12/2024	√	√	√

Responsibilities and achievements of the committee in 2024

1. Updated the Audit Committee Charter and submitted it to the Board of Directors for approval.
2. Reviewed the updated policies and procedures for some operational departments and submitted a recommendation to the Board of Directors for approval.
3. The committee appoint independent audit offices to prepare annual audit reports, such as the reports required by Books Seven and Sixteen of the Executive Bylaws of Capital Markets Authority Law No. 7/2010.
4. Reviewed the annual Internal Control Review (ICR) and tasked relevant management with addressing report observations with respective departments.
5. Reviewed internal audit reports for all departments and assigned follow-up on observations to relevant individuals for resolution with company managers.
6. The appointment of BDO Al Nisf and Partners to conduct the company's internal audit for the year 2024 was approved.
7. The internal audit plan for the year 2024 was approved.
8. The company met with the internal auditor four times during the year ending December 31, 2024.
9. The draft audited interim and annual financial statements were reviewed, and a recommendation was submitted to the Board of Directors for approval.
10. The interim and annual capital adequacy reports were reviewed, and a recommendation was submitted to the Board of Directors for approval.
11. The company ensured that the external auditor met the independence requirements in accordance with the governance rules.

12. The proposal to reappoint Mr. Abdulkarim Abdullah Abdulkarim Al Samdan, from Al-Aiban, Al-Osaimi & Partners (EY), as the company's external auditor was approved.
13. Reviewed the interim and annual internal Sharia audit reports to ensure the Sharia Audit Unit's review of the company's activities and operations and compliance with Sharia principles.
14. Reviewed the interim and annual reports of the external Sharia auditor, discussed the observations contained therein, and recommended their prompt resolution.
15. Recommended the reappointment of the external Sharia audit office (Osol for Sharia Consulting) for the fiscal year ending December 31, 2024.
16. Reviewed the annual anti-money laundering report submitted through the Capital Markets Authority's electronic portal and the anti-money laundering report prepared by the auditor and recommended its submission to the Board of Directors for approval.
17. Reviewed the report of the regulatory authorities' results and financial and non-financial penalties and followed up on the resolution of the observations contained therein.
18. Reviewed and approved the annual report of the Audit Committee.
19. In 2024, no conflicts arose between the committee's recommendations and the Board of Directors' recommendations.

The Audit Committee believes Al Safat Investment Company maintains a sound control environment for its activities, effectively facilitating the achievement of its objectives and enhancing the monitoring system's effectiveness in compliance with regulatory laws and regulations in the State of Kuwait.

Yousef Sulaiman AlThuwaikh
Audit Committee Chairman

State of Kuwait
Date: 20/03/2025

Board of Directors Pledge

We, the chairman and members of the Board of Directors of Al-Safat Investment Company KSC, hereby assure the accuracy and integrity of the financial statements as of 31 December 2024 except omission and error, and that the financial reports of the company have been presented fairly, properly and according to the International Financial Reporting Standards applicable in the State of Kuwait according to such information and reports as have been received by us from the Executive management, auditors and that due care has been made to verify the integrity and accuracy of those reports.

Chairman
Abdullah Hamad Al-Terkait

Vice Chairman /CEO Executive
Zeyad Tareq Al Mukhaizim

Member of the Board of Directors
Abdul Muhsen Sulaiman Al Meshan

Member of the Board of Directors
Dr. Anwar Ali Al Naqi

Member of the Board of Directors
Mishal Ahmad Al Jareki

Member of the Board of Directors
Yousef Sulaiman AlThuwaikh

Member of the Board of Directors
Ahmed Fathy Abouzeid

Pledge of the Executive Management

To Chairman and Members of the Board of Directors,

With reference to the above-mentioned subject, and in accordance with the requirements of the Kuwait Capital Markets Authority, we assure that the consolidated financial statements of Al-Safat Investment Company KSC, the parent company and its subsidiary companies for the financial year ended 31 December 2024, are presented in a sound and fair manner except omission and error, that they show all the Financial aspects of the company in terms of operating data and results, and have been prepared according to the International Financial Reports Standards as approved by the Kuwaiti Capital Markets Authority.

The Executive Manager
Ziad Tareq Al Mukhaizim

Finance Manager
Herald Leo Fernandes

Shariah Audit Committee Report for the year 2024

التاريخ: 1446/09/05هـ
الموافق: 2025/03/05م

تقرير هيئة الرقابة الشرعية
عن الفتـــرة الماليـــة 2024/01/01-2024/12/31

السادة /شركة الصفاة للاستثمار المحترمين

السلام عليكم ورحمة الله وبركاته، وبعد:

وفقاً للسلطات المخولة لنا من قبل أعضاء الجمعية العمومية لشركة الصفاة للاستثمار وبموجب النظام الأساسي للشركة وتعليمات الجهات الرقابية ذات الصلة فإن هيئة الرقابة الشرعية تقدم تقريرها النهائي عن الفترة 2024/01/01 – 2024/12/31 وهو يتضمن أربعة بنود على النحو الآتي: -

أولاً: أعمال هيئة الرقابة الشرعية:

قامت هيئة الرقابة الشرعية بأعمالها والتي اشتملت على فحص الهياكل الإستثمارية وصيغ العقود والمنتجات والسياسات والإجراءات، سواء بشكل مباشر أو بالتنسيق مع إدارة التدقيق الشرعي الداخلي من أجل الحصول على جميع المعلومات والتفسيرات التي اعتبرتها ضرورية لتزويدها بأدلة تكفي لإعطاء تأكيدات معقولة بأن الشركة لم تخالف أحكام الشريعة الإسلامية في ضوء قرارات هيئة الرقابة الشرعية والمعايير الشرعية المعتمدة للشركة وقرارات الجهات الرقابية ذات الصلة.

Shariah Audit Committee Report for the year 2024 (continued)

ثانياً : قرارات هيئة الرقابة الشرعية :

قامت هيئة الرقابة الشرعية للشركة بالرد على جميع استفسارات الشركة وأصدرت عدد (27) قرار خلال الفترة.

ثالثاً : السياسات والإجراءات المعتمدة من قبل هيئة الرقابة الشرعية:

قامت هيئة الرقابة الشرعية للشركة باعتماد سياسات وإجراءات لمنتجات وأنشطة للشركة وأصدرت عدد (5) سياسات واجراء خلال الفترة.

رابعاً: الرأي النهائي :

في رأينا وبعد دراسة جميع الإيضاحات والتأكيدات التي حصلنا عليها فإننا نعتقد:

1. أن العقود والعمليات والمعاملات التي أبرمتها الشركة خلال الفترة من 2024/01/01 إلى 2024/12/31 تمت وفقاً لأحكام الشريعة الإسلامية.
2. إن مسؤولية إخراج الزكاة تقع على عاتق المساهمين.

والحمد لله رب العالمين،،

رئيس هيئة الرقابة الشرعية	**عضو هيئة الرقابة الشرعية**	**عضو هيئة الرقابة الشرعية**
أ.د. عبدالعزيز خليفة القصار	**أ.د. عصام خلف العنزي**	**أ.د. علي إبراهيم الراشد**

Shariah External Audit Report for the year 2024

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أصول للاستشارات الشرعيّة
Osol For Sharia Advisory

تقرير المدقق الشرعي الخارجي المستقل لعام 2024

الحمد لله وحده، والصلاة والسلام على من لا نبي بعده، وعلى آله وصحبه.

إلى السادة / مساهمي شركة الصفاة للاستثمار
دولة الكويت

هدف ونطاق التدقيق

قمنا بتدقيق العقود والمعاملات التي نفذتها شركة الصفاة للاستثمار (الشركة) خلال السنة المنتهية في 2024/12/31 لإبداء الرأي في مدى التزام الشركة بأحكام الشريعة الإسلامية كما هي في قرارات هيئة الرقابة الشرعية للشركة والمعايير الشرعية للمؤسسات المالية الإسلامية الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية (أيوفي) وقرارات هيئة أسواق المال ذات الصلة.

وبمراجعتنا لمدى الالتزام اتضح التزام الشركة مجملا بالعمل وفق المعايير الشرعية المذكورة آنفاً وقرارات هيئة أسواق المال ذات الصلة.

مسؤولية الإدارة عن الالتزام الشرعي

تقع مسؤولية الالتزام بتنفيذ العقود والمعاملات طبقاً لأحكام الشريعة الإسلامية على إدارة الشركة، كما أن الإدارة مسؤولة عن الرقابة الشرعية الداخلية التي تراها ضرورية لضمان تنفيذ العقود والمعاملات طبقاً لأحكام الشريعة الإسلامية.

وتتمثل الجهات المسؤولة في الشركة عن إجراء التعاملات التي تم فحصها ومراحل إنجازها في إدارات الشركة المختلفة.

الاستقلالية والمتطلبات الأخلاقية الأخرى ورقابة الجودة

لقد التزمنا بالاستقلالية والمتطلبات الأخلاقية الأخرى كما هي في "مدونة الأخلاقيات للمهنيين في مجال التمويل الإسلامي" الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية، لقد التزمنا بمتطلبات المعيار الدولي لإدارة الجودة رقم 1 "إدارة الجودة للمكاتب التي تنفذ ارتباطات مراجعة أو فحص للقوائم المالية أو ارتباطات التأكيد الأخرى أو ارتباطات الخدمات ذات العلاقة"، مع مراعاة للوائح والقوانين التنظيمية لهيئة أسواق المال بدولة الكويت.

Shariah External Audit Report for the year 2024 (continued)

تقرير المدقق الشرعي الخارجي المستقل
*شركة **الصفاة للاستثمار** 2024*
دولة الكويت

مسؤولية المدقق الشرعي الخارجي ووصف العمل المنجز

تتمثل مسؤوليتنا في إبداء الرأي في مدى التزام الشركة بأحكام الشريعة الإسلامية بناءً على تدقيقنا. وقد تم تدقيقنا وفقاً لمعايير الحوكمة ومعايير التدقيق الصادرة عن هيئة المحاسبة والمراجعة للمؤسسات المالية الإسلامية وبالأخص معيار التدقيق للمؤسسات المالية الإسلامية رقم (6) بشأن "التدقيق الشرعي الخارجي (عمليات التأكيد المستقل على التزام المؤسسة المالية الإسلامية بأحكام الشريعة الإسلامية)" ووفقاً لمعيار التأكيد رقم (3000) بشأن " ارتباطات التأكيد الأخرى بخلاف عمليات مراجعة أو فحص المعلومات المالية التاريخية" ومبدأ الأهمية النسبية والذي يختلف بحسب حجم عميل التدقيق وطبيعة عملياته ومخاطره الشرعية وبناءً على بنود الأصول والخصوم والإيرادات والمصروفات، وما يترتب على ذلك من آثار على منهجية التدقيق وإظهار الملاحظات –إن وجدت– في هذا التقرير. وتتطلب هذه المعايير أن نمتثل لمتطلبات السلوك الأخلاقي للمهنة وأن نقوم بتخطيط وأداء التدقيق للحصول على تأكيد معقول بأن الشركة ملتزم بأحكام الشريعة الإسلامية. إن التأكيد المعقول هو مستوى عالٍ من التأكيد، لكنه لا يضمن بأن عملية التدقيق الشرعي سوف تكشف دائماً عن المخالفات الشرعية عند وجودها.

وتتضمن أعمال التدقيق أداء إجراءات للحصول على أدلة تدقيق حول مدى الالتزام بأحكام الشريعة الإسلامية، لقد قمنا بتدقيقنا بناءً على عينة منهجية مختارة، ونعتقد بأن أدلة التدقيق التي حصلنا عليها كافية ومناسبة كأساس لإبداء رأي التدقيق الخاص بنا. وكجزء من عملية التدقيق الشرعي فإننا نمارس التقدير المهني ونحافظ على الشك المهني طوال فترة التدقيق، بحيث نقوم بأعمالنا على النحو التالي:

- تحديد المرجعية الشرعية.
- تحديد وتقييم مخاطر عدم الالتزام الشرعي.
- تكوين فهم حول نظام الرقابة الشرعية الداخلية ذي الصلة بالتدقيق من أجل تصميم إجراءات تدقيق مناسبة.
- تصميم إجراءات التدقيق بما ينسجم مع مخاطر عدم الالتزام الشرعي.
- القيام بعملية التدقيق الشرعي الميداني والحصول على المستندات المؤيدة، وقد لاحظنا استخدام مدقق الحسابات لمصطلحات لا تعكس طبيعة بعض العمليات.
- الحصول على أدلة تدقيق كافية ومناسبة توفر أساساً لإبداء رأينا.
- التواصل مع الإدارة فيما يخص التخطيط لعملية التدقيق ونتائج التدقيق المهمة.
- إرسال نسخة من تقرير نتائج التدقيق الشرعي والتوصيات والحصول على رد الإدارة بشأن كل ملاحظة –إن وجدت–.
- تقييم الملاحظات المثبتة في تقرير نتائج التدقيق الشرعي والتوصيات والتقرير السنوي للتدقيق الشرعي الخارجي في ضوء مبدأ الأهمية النسبية.

وفي ضوء ما تم بيانه أعلاه فإننا نقيم كفاءة وفاعلية إجراءات المخاطر الشرعية بأنها تحتاج لتحسين.

Shariah External Audit Report for the year 2024 (continued)

تقرير المدقق الشرعي الخارجي المستقل
شركة **الصفاة للاستثمار** 2024
دولة الكويت

ولتحقيق الأهداف من عملية التدقيق الشرعي فإننا قمنا بالاطلاع وفحص البيانات التالية:

- نظام الرقابة الشرعية الداخلية للشركة.
- تقارير وحدة التدقيق الشرعي الداخلي للشركة.
- البيانات المالية للشركة ومرفقاتها.
- عينة من العقود الموقعة خلال العام.
- عينة من عمليات الاستثمار والحركة عليها خلال العام.

الرأي

إن العقود والمعاملات التي أبرمتها شركة الصفاة للاستثمار (الشركة) خلال السنة المنتهية في 2024/12/31 تمت في مجملها وفقاً لأحكام الشريعة الإسلامية كما تم تحديدها في المرجعية الشرعية للشركة.

والسلام عليكم ورحمة الله وبركاته.

الكويت في 2025/03/20

د.محمد عبد الرحمن الشرفا
المدقق الشرعي الخارجي

Independent auditor's report & Consolidated Financial Statements For the year 2024

EY
Shape the future with confidence

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SAFAT INVESTMENT COMPANY K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Safat Investment Company K.S.C.P (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow 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 Ethics Standards Board for Accountants' *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 basis for our opinion.

Emphasis of Matter

We draw attention to Note 32 to the consolidated financial statements which states that during 2021, Evolvance Capital Ltd (the 'custodian'), filed a lawsuit against the Parent Company in response to the legal formalities initiated by the Parent Company. Further, the Parent Company filed a counter claim against the custodian. On 27 October 2021, the Court ruled to assign an expert committee to verify the elements of the lawsuit and submit their findings. The expert report was issued in favour of the Parent Company, and consequently a favourable judgement was handed down by the court on 28 September 2022. The custodian filed an appeal against this ruling and the court hearing scheduled on 7 November 2022 was adjourned to 21 November 2022. This was deferred to 29 March 2023 which was further postponed to 17 April 2023. On

17 April 2023, the Court ruled to appoint an expert committee to review the case documents and submit their findings therein. Subsequently, the hearing was initially scheduled for 7 August 2023 and 18 September 2023 which is further postponed to 22 November 2023, and subsequently to 28 February 2024. On 20 December 2023, the expert committee issued its report, which presented the same facts that the court had taken into consideration on 28 September 2022. The hearing was further postponed to 13 March 2024. Later, it was rescheduled to 20 March 2024. On 20 March 2024, the Appeal Court ruled to reject the appeal filed by the custodian and upheld the ruling made on 28 September 2022.

However, the Custodian filed an appeal against this ruling before the Court of Cassation, and the court hearing scheduled to be held on 22 May 2024 which was postponed to 7 August 2024 and subsequently to 21 August 2024. On 21 August 2024, the Court of Cassation issued its final ruling, rejecting the appeal and making the first-instance judgment in favor of the Parent Company final and not subject to further appeal. Following the final ruling, on 9 January 2025, the Parent Company entered into a settlement agreement with the Custodian for an amount of AED 160 million. Under the agreement, the Parent Company received the first instalment of AED 60 million on 26 January 2025. The remaining settlement payments have been rescheduled and will be paid to the Parent Company over the next five years.

Our Opinion is not modified is respect to this matter.

Key Audit Matter
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying consolidated financial statements.

Fair valuation of investment properties
Investment properties represent a significant part of the total assets of the Group and are measured at fair value of KD 16,290,913 as at 31 December 2024.

The fair value of Group's investment properties have been determined by external real estate appraiser. The determination of fair value of investment properties is dependent on key inputs, such as rental value, maintenance status, market knowledge and historical transactions, which, although not directly observable, but are corroborated by observable market data. The disclosures relating to the inputs are relevant, given the estimation uncertainty involved in these valuations. The methodology applied in determining the valuations is set out in Note 10 of the consolidated financial statements.

Given the size and significances of the valuation of investment properties, and the importance of the disclosures relating to the inputs used in such valuations, we have considered this as a key audit matter.

Our audit procedures included, among others, the following:

- We have tested the inputs and assumptions made by management of the Group and the appropriateness of the properties' related data supporting the external appraiser's valuations.
- We performed procedures for areas of risk and estimation. This included, where relevant, comparison of judgments made to current market practices and challenging the valuations on a sample basis.
- Further, we have considered the objectivity, independence and competence of the external real estate appraiser.
- We also assessed the appropriateness of the disclosures relating to the investment properties of the Group in Note 10 to the consolidated financial statements.

Other information included in the Group's 2024 Annual Report
Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

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

Responsibilities of 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other 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 Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required 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, as amended, 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, as amended, 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 year ended 31 December 2024, that might have had a material effect on the business of the Parent Company or on its financial position.

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

ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

20 March 2025
Kuwait

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 KD	2023 KD
ASSETS			
Cash and bank balances	4	**1,765,232**	1,778,976
Term deposits	5	**429,714**	702,658
Accounts receivable and other assets	6	**4,920,986**	4,184,784
Inventories	7	**346,836**	322,376
Investment securities	8	**12,412,708**	11,968,215
Investment in associates	9	**2,336,325**	2,256,787
Investment properties	10	**16,290,913**	15,923,051
Property, plant and equipment	11	**5,219,281**	2,139,572
		43,721,995	39,276,419
Assets held for sale	12	**-**	4,561,187
TOTAL ASSETS		**43,721,995**	43,837,606
LIABILITIES AND EQUITY			
Liabilities			
Other liabilities	13	**4,934,043**	4,662,141
Lease liabilities	14	**4,253,554**	3,647,555
		9,187,597	8,309,696
Liabilities directly associated with the assets held for sale	12	**-**	1,814,252
Total liabilities		**9,187,597**	10,123,948
Equity			
Share capital	15	**38,327,569**	38,327,569
Share premium	15	**459,677**	459,677
Statutory reserve	15	**1,641,106**	1,619,337
Voluntary reserve	15	**1,641,106**	1,619,337
Treasury shares	16	**(4,068,119)**	(4,815,778)
Treasury shares reserve		**633,378**	615,002
Asset revaluation surplus		**168,036**	168,036
Other reserves	15	**-**	376,538
Fair value reserve		**(939,460)**	(9,536,197)
Foreign currency translation reserve		**(820,033)**	(731,210)
(Accumulated losses) retained earnings		**(6,575,340)**	1,344,510
Equity attributable to equity holders of the Parent Company		**30,467,920**	29,446,821
Non-controlling interests		**4,066,478**	4,266,837
Total equity		**34,534,398**	33,713,658
TOTAL LIABILITIES AND EQUITY		**43,721,995**	43,837,606

Abdullah Hamad Al-Terkait
Chairman

Zeyad Tareq Al Mukhaizeem
Vice Chairman and Chief Executive Officer

AL SAFAT
AL SAFAT INVESTMENT COMPANY

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 KD	2023 KD
CONTINUING OPERATIONS			
Revenue			
Revenue from contracts with customers	17	**2,630,427**	2,560,540
Cost of sales	21	**(1,998,326)**	(1,991,707)
Gross profit		**632,101**	568,833
Fee and commission income	17	**262,001**	211,446
Net investment income on financial assets	18	**798,840**	233,515
Share of results of associates	9	**(41,398)**	(1,059,918)
Net rental income	19	**1,514,867**	1,259,875
Change in fair value of investment properties	10	**123,155**	(1,814,068)
Gain from bargain purchase	28	**-**	5,687,054
Net charge for impairment losses and other provisions	20	**(123,273)**	(2,496,484)
Net foreign exchange differences		**(287,237)**	(199,240)
General and administrative expenses	21	**(2,813,128)**	(3,193,538)
Operating profit (loss)		**65,928**	(802,525)
Other income		**311,476**	398,424
Finance costs		**(311,353)**	(291,882)
Profit (loss) before tax from continued operations		**66,051**	(695,983)
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		-	(9,747)
Zakat		-	(8,865)
National Labour Support Tax (NLST)		-	(24,597)
Profit (loss) for the year from continued operations		**66,051**	(739,192)
DISCONTINUED OPERATIONS			
Profit (loss) for the year from discontinued operations	12	**416,678**	(755,696)
PROFIT (LOSS) FOR THE YEAR		**482,729**	(1,494,888)
Attributable to:			
Equity holders of the Parent Company		**217,692**	1,039,772
Non-controlling interests		**265,037**	(2,534,660)
		482,729	(1,494,888)
BASIC AND DILUTED EPS (FILS)	22	**0.64**	3.55
BASIC AND DILUTED EPS FOR CONTINUING OPERATION (FILS)	22	**(0.06)**	4.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 *KD*	*2023* *KD*
Profit (loss) for the year	**482,729**	(1,494,888)
Other comprehensive income (loss)		
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent years:		
Share of associates other comprehensive income (loss)	**3,874**	(10,126)
Exchange differences on translation of foreign operations	**(161,181)**	(50,408)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent years	**(157,307)**	(60,534)
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent years:		
Share of associates other comprehensive income (loss)	**92,616**	(27,849)
Net change in fair value of equity instruments designated at fair value through other comprehensive income	**79,798**	(3,626)
Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent years	**172,414**	(31,475)
Other comprehensive income (loss)	**15,107**	(92,009)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**497,836**	(1,586,897)
Attributable to:		
Equity holders of the Parent Company	**230,618**	967,788
Non-controlling interests	**267,218**	(2,554,685)
	497,836	(1,586,897)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Equity attributable to equity holders of the Parent Company													
	Share capital KD	*Share premium KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Asset revaluation surplus KD*	*Other reserves KD*	*Fair value reserve KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
As at 1 January 2024	38,327,569	459,677	1,619,337	1,619,337	(4,815,778)	615,002	168,036	376,538	(9,536,197)	(731,210)	1,344,510	29,446,821	4,266,837	33,713,658
Profit for the year	-	-	-	-	-	-	-	-	-	-	217,692	217,692	265,037	482,729
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	101,749	(88,823)	-	12,926	2,181	15,107
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	101,749	(88,823)	217,692	230,618	267,218	497,836
Transfer to reserves	-	-	21,769	21,769	-	-	-	-	-	-	(43,538)	-	-	-
Purchase of treasury shares	-	-	-	-	(9)	-	-	-	-	-	-	(9)	-	(9)
Sale of treasury shares	-	-	-	-	747,668	-	-	-	-	-	-	747,668	-	747,668
Gain on sale of treasury shares	-	-	-	-	-	18,376	-	-	-	-	-	18,376	-	18,376
Transfer of accumulated reserves related to the disposal of a subsidiary (Note 15)	-	-	-	-	-	-	-	(376,538)	-	-	376,538	-	-	-
Adjustment to non-controlling interests related to the disposal of a subsidiary (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	(467,577)	(467,577)
Share of acquisition of non-controlling interests by an associate	-	-	-	-	-	-	-	-	-	-	24,446	24,446	-	24,446
Share of realized loss on disposal of equity securities at FVOCI of an associate	-	-	-	-	-	-	-	-	415,171	-	(415,171)	-	-	-
Realized loss on disposal or derecognition of equity securities at FVOCI (Note 8)	-	-	-	-	-	-	-	-	8,079,817	-	(8,079,817)	-	-	-
At 31 December 2024	**38,327,569**	**459,677**	**1,641,106**	**1,641,106**	**(4,068,119)**	**633,378**	**168,036**	**-**	**(939,460)**	**(820,033)**	**(6,575,340)**	**30,467,920**	**4,066,478**	**34,534,398**
As at 1 January 2023	28,327,569	259,677	1,511,039	1,511,039	(307,393)	615,002	168,036	376,538	(9,520,490)	(671,564)	517,965	22,787,418	5,603,434	28,390,852
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	1,039,772	1,039,772	(2,534,660)	(1,494,888)
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	(12,338)	(59,646)	-	(71,984)	(20,025)	(92,009)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	-	(12,338)	(59,646)	1,039,772	967,788	(2,554,685)	(1,586,897)
Transfer to reserves	-	-	108,298	108,298	-	-	-	-	-	-	(216,596)	-	-	-
Treasury shares upon acquiring control of a subsidiary (Note 1.1)	-	-	-	-	(4,508,385)	-	-	-	-	-	-	(4,508,385)	-	(4,508,385)
Non-controlling interest upon acquiring control of a subsidiary (Note 1.1)	-	-	-	-	-	-	-	-	-	-	-	-	1,218,088	1,218,088
Business acquisition through a share swap (Note 28)	10,000,000	200,000	-	-	-	-	-	-	-	-	-	10,200,000	-	10,200,000
Realized gain on disposal of equity securities at FVOCI	-	-	-	-	-	-	-	-	(3,369)	-	3,369	-	-	-
At 31 December 2023	38,327,569	459,677	1,619,337	1,619,337	(4,815,778)	615,002	168,036	376,538	(9,536,197)	(731,210)	1,344,510	29,446,821	4,266,837	33,713,658

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit (loss) for the year before tax and directors' remuneration form continued operations		**66,051**	(695,983)
Profit (loss) for the year before tax from discontinued operations	12	**416,678**	(755,696)
		482,729	(1,451,679)
Adjustments to reconcile profit (loss) before tax to net cash flows:			
Amortisation of intangible assets		-	774
Share of results of associates and joint venture		**41,398**	1,059,918
Change in fair value of investment properties	10	**(123,155)**	1,814,068
Loss (gain) on disposal and derecognition of property, plant and equipment	11	**2**	(86)
Depreciation of property, plant and equipment	11, 12	**547,302**	603,318
Impairment of property, plant and equipment		-	3,254,740
Income from deposits	18	**(117,116)**	(116,655)
Dividend income	18	**(349,876)**	(99,102)
Unrealised gain on financial assets at fair value through profit or loss	18	**(138,516)**	(10,415)
Gain on sale of financial assets at fair value through profit or loss	18	**(193,332)**	(7,343)
Net ECL (reversal) charge on trade receivables and receivables from related parties		**(7,711)**	91,961
Net charge for provision on inventories	20	**431**	7,100
Charge (reversal) of legal provisions no longer required	20	**214,474**	(273,332)
Other provisions reversal	20	**(83,921)**	(34,667)
Gain on sale of a subsidiary	12	**(331,050)**	-
Provision for employees' end of service benefits		**175,348**	136,699
Finance costs on lease liabilities		**302,491**	239,309
Finance costs		**28,572**	54,736
Gain on derecognition of right-of-use	14	**(6,215)**	(6,833)
Gain on bargain purchase	28	-	(5,687,054)
		441,855	(424,543)
Changes in operating assets and liabilities			
Accounts receivable and other assets		**(1,060,506)**	485,606
Inventories		**(5,312)**	(128,838)
Other liabilities		**(186,117)**	(1,713,941)
Cashflows used in operations		**(810,080)**	(1,781,716)
Employees' end of service benefits paid		**(130,120)**	(238,724)
Zakat paid		**(19,362)**	(16,810)
Net cash flows used in operating activities		**(959,562)**	(2,037,250)
INVESTING ACTIVITIES			
Proceeds from sale of financial assets through other comprehensive income		**102,749**	19,880
Proceeds from sale of financial assets through profit and loss		**5,617,267**	284,756
Addition in financial assets through profit and loss		**(5,743,444)**	(264,669)
Purchase of property, plant and equipment		**(178,442)**	(22,541)
Proceeds from sale of property, plant and equipment		-	87
Dividend income received		**349,876**	99,102
Capital expenditure on investment properties	10	**(6,310)**	(166,800)
Net consideration from sale of discontinued operation		**543,642**	-
Net cash from acquisition of subsidiary	28	-	2,962,309
Net cash flows from investing activities		**685,338**	2,912,124
FINANCING ACTIVITIES			
Payment of lease liabilities		**(762,994)**	(632,370)
Net movement of notes payable		**142,583**	341,500
Proceeds from sale of treasury shares		**766,044**	-
Purchase of treasury shares		**(9)**	-
Net cash flows from (used in) financing activities		**145,624**	(290,870)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(128,600)**	584,004
Cash and cash equivalents as at 1 January		**1,788,455**	930,181
Net foreign exchange differences		**105,377**	274,270
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	4	**1,765,232**	1,788,455
Non-cash items excluded from the consolidated statement of cash flows:			
Right of use assets (property, plant and equipment)		**778,094**	211,225
Right of use assets (Investment properties)		**226,847**	953,929
Lease liabilities		**(1,004,941)**	(1,165,154)
Derecognition of leases (adjusted with property, plant and equipment)		**166,407**	-
Derecognition of leases (adjusted with lease liabilities)		**(172,622)**	-

1. CORPORATE INFORMATION

The consolidated financial statements of Al Safat Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 20 March 2025.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares were publicly traded in Boursa Kuwait ("Boursa"). On 13 March 2013, the Parent Company was delisted from Boursa, however, during the year on 11 October 2021, the Parent Company re-listed on Boursa Kuwait. The Parent Company is subject to the supervision of Capital Markets Authority ("CMA").

The Parent Company updated its commercial register on 7 November 2023, with the below activities.

The activities of the Parent Company are as follows:

- Owning real estate and moveable assets within the limits permitted to carry out the Parent Company's activities due to the provisions stipulated under the existing laws.
- Selling, and acquiring stocks and bonds for the Parent Company's account.
- Investment Portfolio Manager.
- Collective Investment Scheme Manager.
- Investment Controller.
- Investment Advisor.
- Subscription Agent.
- Custodian.
- Market Maker.

The activities of the Parent Company are carried out in accordance with Islamic Sharīʿa principles as approved by the Group's Sharīʿa Committee. The Parent Company's head office is located at Al-Safat Tower, 14th floor, Hawalli, Beirut Street, State of Kuwait and its registered postal address is P.O. Box 20133, Safat 13062, Kuwait.

Information on the Group's structure is provided below. Information on other related party relationships of the Group is provided in Note 26.

1. CORPORATE INFORMATION (continued)

1.1 GROUP INFORMATION

a) Subsidiaries

The consolidated financial statements of the Group include:

Name	*Country of incorporation*	*Effective equity interest* *2024*	*2023*	**Principal activities**
Al Safat Holding Company K.S.C.(Closed) ('Safat Holding') (1)	Kuwait	99%	99%	Holding company
Safat House for General Trading Company W.L.L.	Kuwait	80%	80%	General trading
Al Safat for Consultancy K.S.C. (Closed)	Kuwait	96%	96%	Consultancy
Dar Al Safat General Trading Company W.L.L. (1)	Kuwait	99%	99%	General trading
The Roots Brokerage	Egypt	60%	60%	Brokerage
Held through Safat Holding				
Al Assriya Printing Press Publishing and Distribution Company W.L.L. ('Al Assriya')	Kuwait	90%	90%	Printing and distribution
The Liquid Capital General Trading Company W.L.L. ("Liquid") (2)	Kuwait	50%	50%	Holding company
Al-Ezdehar Real Estate Tourism Company K.S.C. (Closed)	Kuwait	71.92%	71.92%	Real estate
Safat Industries Holding Company K.S.C. (Closed) ('Safat Industries')	Kuwait	63.79%	63.79%	Holding company
Held through Safat Industries				
Middle East for Chemical Manufacturing W.L.L. ('MECC') (Note 12)	Kuwait	-	50%	Chemical products manufacturing
Carpets Industry Company K.S.C. (Closed) ('CIC') (Note 12)	Kuwait	51.28%	51.28%	Manufacturing carpets

(1) The Group's effective interest in the above subsidiaries is 100%. The Group directly holds the shares in the subsidiaries as mentioned above, and the remaining shares are held indirectly in the name of nominees on behalf of the Parent Company. The nominees have confirmed in writing that the Parent Company is the beneficial owner of the shares in the subsidiary. Accordingly, there are no non-controlling interests reported in the consolidated statement of financial position, related to the subsidiaries, as at 31 December 2024.

(2) During the year ended 31 December 2023, upon the acquisition and merger of Cap Corp Investment Company K.S.C.C., the Parent Company conducted a reassessment and determined that the Liquid Capital General Trading Company W.L.L. ("Liquid") should be classified as a subsidiary instead of a joint venture. This determination was made based on the Parent Company's ability to exert control over Liquid. Liquid did not fulfill the definition of a business and accordingly accounted for as an assets acquisition upon acquiring control.

b) Associates

Set out below are the associates of the Group as at 31 December. For more details, refer to Note 9.

Name	*Country of incorporation*	*% equity interest* *2024*	*2023*	**Principal activities**
Asia Holding Company K.S.C. (Closed)	Kuwait	21.70%	21.70%	Holding company
Senergy Holding Company K.S.C.P.	Kuwait	20.88%	20.88%	Holding company

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

2.1 BASIS OF PREPARATION

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

The consolidated financial statements of the Group have been prepared on a historical cost basis except for investment in equity securities and investment properties, which have been measured at fair value.

The consolidated financial statements of the Group are presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

The Group presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 29.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

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

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Lack of exchangeability – Amendments to IAS 21
In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

2.4.1 Basis of consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.1 Basis of consolidation (continued)
The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent 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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4.2 Assets held for sale and discontinued operations
The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of consolidated financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

Additional disclosures are provided in Note 12. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

2.4.3 Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the capital. For each business combination, the Group elects whether to measure the non-controlling interests in the capital at fair value or at the proportionate share of the capital's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.3 Business combinations (continued)
Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.4.4 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 over those policies. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate. since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated income statement reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the consolidated income statement.

Upon loss of "significant influence" over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Where applicable, adjustments are made to bring the accounting policies of the associate in line with those of the Group. The difference in reporting date of the associate and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

2.4.5 Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, non-restricted cash at banks, cash held in investment portfolios and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and profit (SPPP)' on the principal amount outstanding. This assessment is referred to as the SPPP test and is performed at an instrument level. Financial assets with cash flows that are not SPPP are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective yield method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

b) Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

c) Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

d) Financial assets designated at fair value through OCI (equity instruments) (continued)
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably certain equity investments under this category.

e) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated income statement.

This category includes certain equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Net gains and losses, including any profit or dividend income, are recognised in profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

ii) Financial liabilities

Initial recognition and measurement
The Group's financial liabilities include trade and other payables and lease liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Financial liabilities at fair value through profit or loss (continued)
Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss

Financial liabilities at amortised cost

Bank overdrafts and notes payables
After initial recognition, profit-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

Other liabilities
Accounts payable and accruals are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4.7 Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss as follows:
- Financial assets measured at amortised cost (*Trade and other receivables, including contract assets*)

Equity investments are not subject to ECLs. Further, the Group has no debt investments measured at FVOCI.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4.7 Impairment of financial assets (continued)

i. Impairment of financial assets at amortised cost

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective profit rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition are accounted for as follows:

- Finished goods - production cost on a specific identification basis.
- Spares and consumables - purchase cost on a weighted average basis.
- Goods in transit - purchase cost incurred up to the reporting date.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.4.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying appropriate valuation models

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category that is consistent with the function of the intangible assets.

2.4.11 Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Except for leasehold land stated at revalued amount, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Depreciation is calculated using the straight–line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

▶ Buildings	10 years
▶ Buildings improvements	10 years
▶ Machinery and equipment	2 – 25 years
▶ Furniture, fixtures and computers	3 - 8 years
▶ Vehicles	3 - 8 years

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation of these assets commences when the assets are ready for their intended use.

2.4.12 Impairment of non-financials assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.12 Impairment of non-financials assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated income statement in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.4.13 Employees end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date

In addition, with respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. These contributions are expensed when due.

2.4.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.4.15 Treasury shares

The Group's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in equity (treasury shares reserve) which is non-distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares and the voting rights related to these shares are discarded. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.4.16 Dividend income

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.17 Taxes

Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, and transfer to statutory reserve, until the reserve reaches 50% of share capital, should be excluded from profit for the year when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

Zakat

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

National Labour Support Tax

NLST is calculated at 2.5% of the profit for the year attributable to the Parent Company in accordance with Law No. 19 of 2000 and the Ministry of Finance resolutions No. 24 of 2006.

2.4.18 Revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Rental income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Rental income is recorded net of real estate operating expenses.

Fee and commission income

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Group's revenue contracts do not typically include multiple performance obligations.

When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Sale of goods - inventory and spare parts

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer (if any).

Rendering of services

Revenue from rendering of services is recognised at the point in time when the control of the related services is transferred to the customer, generally on completion of the underlying service.

2.4.19 Foreign currencies

The Group's consolidated financial statements are presented in KD, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.19 Foreign currencies (continued)

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Transactions and balances
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Kuwaiti Dinar at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.4.20 Fiduciary assets
The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the consolidated financial statements, as they are not assets of the Group.

2.4.21 Contingencies
Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

2.4.22 Leases
The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.22 Leases (continued)

***Group as a lessee* (continued)**

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (2.4.12) Impairment of non-financial assets.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 Significant judgments

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

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and profit on the principal amount outstanding.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Legal cases

In accordance with IFRSs, outcome of legal cases may result in disclosure of contingent assets, contingent liabilities or recognition of a provision. Contingent asset are possible assets that arise from past events and whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control and are disclosed if the inflow of economic benefits is probable.

The Group may also recognise a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the consolidated financial statements.

Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements, could have a material effect on the Group's financial position. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for disclosures and provision in its consolidated financial statements. Among the factors considered in making decisions on disclosure or provisions are the nature of litigation, claim or assessment, the legal process and potential outcome in the jurisdiction in which the litigation has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Estimates and assumptions (continued)

Impairment of associates

Investment in associates is accounted for under the equity method of accounting, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the associates, less any impairment losses. The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Impairment of financial assets at amortised cost

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Valuation of investment properties

The fair value of investment properties is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 *Fair Value Measurement*.

Investment properties under construction are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Note 10.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of profit that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market profit rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	2024 KD	2023 KD
Cash on hand	**11,495**	24,398
Cash at banks and financial institutions	**1,753,737**	1,754,578
Cash and cash equivalents	**1,765,232**	1,778,976
Add: Cash at banks attributable to discontinued operations	-	9,479
Cash and cash equivalents for the purpose of consolidated statement of cash flows	**1,765,232**	1,788,455

5. TERM DEPOSITS

	2024 KD	2023 KD
Term deposits	**5,500**	5,500
Foreign deposit	**424,214**	697,158
	429,714	702,658

Foreign deposit is a restricted deposit with a foreign financial institution and carries an average effective profit rate of 25.75% (2023: 16.67%) per annum.

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2024 KD	2023 KD
Trade receivables	**7,957,968**	7,626,087
Less: Allowance for expected credit losses (a)	**(6,618,692)**	(6,541,297)
	1,339,276	1,084,790
Receivable from GFH Financial Group *	**2,631,587**	2,645,909
Advance subscriptions **	**154,825**	-
Receivables from related parties (Note 26)	**20,119**	14,749
Prepayments, advances and deposits	**346,124**	187,409
Other assets	**429,055**	251,927
	4,920,986	4,184,784

* The receivable represents restricted credit account held by GFH Financial Group. This account is designated for future investments and is not restricted for a specific period. GFH Financial Group will offer investment options to the Parent Company and participate in these investments from this account.

** On 29 December 2024, GFH Financial Group offered an investment opportunity of KD 154,825, which the Parent Company accepted and formalized through a subscription agreement. Subsequent to the reporting period, control of the investment was transferred to the Parent Company.

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Note 27.1 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses on the Group's trade receivables. Other classes within accounts receivable do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS (continued)

a) Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2024 KD	2023 KD
Opening expected credit losses	**6,541,297**	6,696,966
Net ECL reversal on trade receivables (Note 20)	**(12,711)**	(96,809)
Write-off	**(10,778)**	(38,607)
Transfer from (to) discontinued operation	**100,884**	(20,253)
As at 31 December	**6,618,692**	6,541,297

7. INVENTORIES

	2024 KD	2023 KD
Finished goods and goods for resale (at lower of cost and net realisable value)	**25,023**	-
Raw materials (at cost)	**285,053**	270,805
Work in process (at cost)	**84,507**	78,544
	394,583	349,349
Less: provision for slow moving and obsolete inventories	**(47,747)**	(26,973)
Total inventories at the lower of cost and net realisable value	**346,836**	322,376

Set out below is the movement in the provision for slow moving and obsolete inventories:

	2024 KD	2023 KD
As at 1 January	**26,973**	40,976
Charge of provision (Note 20)	**431**	7,100
Transfer from (to) discontinued operation	**20,343**	(21,103)
As at 31 December	**47,747**	26,973

8. INVESTMENT SECURITIES

	2024 KD	2023 KD
Financial assets at FVTPL		
Quoted equity securities	**3,759,678**	3,346,213
Unquoted equity securities	**724,178**	679,618
	4,483,856	4,025,831
Financial assets at FVOCI		
Quoted equity securities	**1,557,205**	1,247,386
Unquoted equity securities	**6,371,647**	6,694,998
	7,928,852	7,942,384
Investment securities (at fair value)	**12,412,708**	11,968,215

Financial assets at FVTPL include investments in related parties of KD 178,725 (2023: KD 32,890), whereas financial assets at FVOCI include investments in related parties of KD 17,594 (2023: KD 28,528) (Note 26).

8. INVESTMENT SECURITIES (continued)

During the year, securities having zero carrying value were disposed and derecognised resulting in a realised loss of KD 8,079,817 and accordingly transferred from fair value reserve to retained earnings.

The hierarchy for determining and disclosing the fair value of investment securities by valuation techniques are presented in Note 31.1.

9. INVESTMENT IN ASSOCIATES

The following table illustrates summarised financial information of the Group's investment in its associates. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	*Asia Holding Company K.S.C. (Holding)**		*Senergy Holding Company K.S.C.P. ("Senergy")***		*Total*	
	2024 KD	*2023 KD*	***2024 KD***	*2023 KD*	***2024 KD***	*2023 KD*
Current assets	**1,256,225**	758,197	**4,633,086**	5,223,715	**5,889,311**	5,981,912
Non-current assets	**847,928**	911,931	**9,939,784**	9,522,985	**10,787,712**	10,434,916
Total assets	**2,104,153**	1,670,128	**14,572,870**	14,746,700	**16,677,023**	16,416,828
Current liabilities	**11,155**	4,243	**2,359,255**	2,073,453	**2,370,410**	2,077,696
Non-current liabilities	**-**	-	**3,198,222**	3,594,882	**3,198,222**	3,594,882
Total liabilities	**11,155**	4,243	**5,557,477**	5,668,335	**5,568,632**	5,672,578
Equity	**2,092,998**	1,665,885	**9,015,393**	9,078,365	**11,108,391**	10,744,250
Group's share in %	**21.70%**	21.70%	**20.88%**	20.88%	**-**	-
Group's carrying amount of the investment	**454,181**	361,497	**1,882,144**	1,895,290	**2,336,325**	2,256,787
Revenue	**25,546**	(23,391)	**4,133,748**	3,048,918	**4,159,294**	3,025,527
Profit (loss)	**9,574**	(40,223)	**(208,199)**	(594,478)	**(198,625)**	(634,701)
Other comprehensive income (loss)	**417,538**	(19,143)	**28,170**	(161,997)	**445,708**	(181,140)
Total comprehensive income (loss)	**427,112**	(59,366)	**(180,029)**	(756,475)	**247,083**	(815,841)
Group's share of results for the year	**2,078**	(8,728)	**(43,476)**	(124,110)	**(41,398)**	(132,838)

* Private entity – no quoted price available.

** As at 31 December 2024, the fair value of the Group's investment in Senergy (based on quoted market price in Boursa Kuwait) was KD 2,442,610 (2023: KD 1,273,680). Accordingly, the market capitalization of the entity exceeds the carrying amount of its net assets.

Reconciliation of carrying amounts	***2024 KD***	*2023 KD*
At 1 January	**2,256,787**	2,427,600
Share of loss for the year	**(41,398)**	(132,838)
Share of acquisition of non-controlling interests	**24,446**	-
Share of other comprehensive income (loss)	**92,616**	(27,849)
Share of movement of foreign currency translation reserve	**3,874**	(10,126)
At 31 December	**2,336,325**	2,256,787

10. INVESTMENT PROPERTIES

	2024 KD	*2023 KD*
As at 1 January	**15,923,051**	17,414,655
Addition to right-of-use assets	**226,847**	953,929
Capital expenditure	**6,310**	166,800
Change in fair value	**123,155**	(1,814,068)
Transfer to property, plant and equipment (Note 11)	**-**	(802,120)
Exchange differences	**11,550**	3,855
As at 31 December	**16,290,913**	15,923,051

Investment properties comprise of building on a leasehold land amounting to KD 13,650,594 (2023: KD 13,294,302) and other commercial properties amounting to KD 2,640,319 (2023: KD 2,628,749).

The Group's investment properties are located in the following geographical locations:

	2024 KD	*2023 KD*
Kuwait	**13,650,594**	13,294,302
Other countries	**2,640,319**	2,628,749
	16,290,913	15,923,051

	2024 KD	*2023 KD*
Market value as estimated by the external valuer	**13,226,771**	12,790,887
Add: lease liabilities recognised separately	**3,064,142**	3,132,164
Fair value for financial reporting purposes	**16,290,913**	15,923,051

The fair value of investment properties is determined based on valuations performed by independent and accredited valuers with recognised and relevant professional qualification and with recent experience in locations and categories of investment properties being valued. The valuation models applied are consistent with the principles in IFRS 13 and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitalisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm'). Based on these valuations, the fair value of investment properties witnessed a increase of KD 123,155 compared to its carrying values as at 31 December 2023 (2023 decrease: KD 1,814,068).

The hierarchy for determining and disclosing the fair value of investment properties by valuation techniques are presented in Note 31.2

11. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets KD	Buildings KD	Building improvements KD	Machinery and equipment KD	Furniture, fixtures and computers KD	Vehicles KD	Total KD
Cost:							
At 1 January 2024	1,653,079	155,500	241,700	3,227,287	1,560,096	118,685	6,956,347
Additions	705,299	-	11,572	15,308	116,695	5,151	854,025
Disposals and derecognition	(629,651)	-	-	-	(24,970)	-	(654,621)
Transfers from discontinued operation (Note 12)	2,886,810	437,622	-	-	-	-	3,324,432
Exchange differences	-	-	-	278	(16,949)	-	(16,671)
At 31 December 2024	4,615,537	593,122	253,272	3,242,873	1,634,872	123,836	10,463,512
Depreciation and impairment:							
At 1 January 2024	567,813	116,877	208,742	2,341,760	1,485,393	96,190	4,816,775
Depreciation charge for the year	237,740	139,061	5,900	113,337	38,512	12,752	547,302
Disposals and derecognition	(463,244)	-	-	-	(24,968)	-	(488,212)
Transfers from discontinued operation (Note 12)	187,848	196,930	-		-	-	384,778
Exchange differences	-	-	-	883	(17,295)	-	(16,412)
At 31 December 2024	530,157	452,868	214,642	2,455,980	1,481,642	108,942	5,244,231
Net book value:							
At 31 December 2024	**4,085,380**	**140,254**	**38,630**	**786,893**	**153,230**	**14,894**	**5,219,281**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Right-of-use assets KD	Buildings KD	Building improvements KD	Machinery and equipment KD	Furniture, fixtures and computers KD	Vehicles KD	Capital work in progress KD	Total KD
Cost:								
At 1 January	1,626,461	846,017	228,083	3,342,097	1,606,620	206,232	376,877	8,232,387
Transfer from investment properties (Note 10)	802,120	-	-	-	-	-	-	802,120
Additions	211,225	-	-	1,111	21,427	3	-	233,766
Disposals and derecognition	(26,097)	-	-	-	(17,405)	-	-	(43,502)
Transfers to indemnity	-	-	-	-	-	(17,150)	-	(17,150)
Transfers	21,000	-	13,617	88,451	-	(21,000)	(102,068)	-
Transfers to discontinued operation (Note 12)	(981,630)	(690,517)	-	(204,822)	(43,416)	(49,400)	(274,809)	(2,244,594)
Exchange differences	-	-	-	450	(7,130)	-	-	(6,680)
At 31 December 2023	1,653,079	155,500	241,700	3,227,287	1,560,096	118,685	-	6,956,347
Depreciation and impairment:								
At 1 January 2023	419,098	649,344	204,454	2,389,551	1,517,514	130,883	-	5,310,844
Depreciation charge for the year	155,224	108,781	4,288	128,683	37,294	17,201	-	451,471
Impairment charge during the year	367,447	57,293	-	-	-	-	-	424,740
Disposals and derecognition	(22,759)	-	-	-	(17,404)	-	-	(40,163)
Transfers to indemnity	-	-	-	-	-	(11,164)	-	(11,164)
Transfers	9,101	-	-	-	-	(9,101)	-	-
Transfers to discontinued operation (Note 12)	(360,298)	(698,541)	-	(176,599)	(44,474)	(31,629)	-	(1,311,541)
Exchange differences	-	-	-	125	(7,537)	-	-	(7,412)
At 31 December 2023	567,813	116,877	208,742	2,341,760	1,485,393	96,190	-	4,816,775
Net book value:								
At 31 December 2023	1,085,266	38,623	32,958	885,527	74,703	22,495	-	2,139,572

Impairment of property, plant and equipment for the year has been allocated to continued operations amounted to KD Nil (2023: KD 52,447) and discontinued operation of KD Nil (2023: KD 372,293).

11. PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation included in the consolidated income statement is allocated as follows:

	2024 KD	2023 KD
Cost of sales (Note 21)	**225,575**	232,585
General and administrative expenses (Note 21)	**321,727**	218,886
	547,302	451,471

12. DISCONTINUED OPERATION

During 2023, the Board of Directors decided to dispose of its entire interest in the subsidiary, Carpets Industry Company K.S.C. (Closed) ("CIC"), and had received offers from potential buyers by the reporting date. Accordingly, as of 31 December 2023, the subsidiary was classified as a disposal group held for sale and a discontinued operation. However, no sale agreement was executed during the year, and it became unlikely that the sale would be completed within the 12-month period ending 31 December 2024. Therefore, CIC was no longer categorized as a discontinued operation and was reclassified as a continuing operation as at 31 December 2024.

On 26 December 2023, the Group signed a Sale and Purchase Agreement (SPA) to sell its entire 50% equity interest in its subsidiary, Middle East for Chemical Manufacturing W.L.L. ("MECC"). An advance payment of KD 250,000 was received, with the remaining balance of KD 300,000 collected on 19 August 2024. Accordingly, the SPA was executed during the year, resulting in the Group recognizing a gain of KD 331,050 on the sale of its subsidiary as detailed below.

	KD	KD
Total consideration		**550,000**
Total net asset of MECC	**686,527**	
Net asset attributable to non-controlling interest	**(467,577)**	
Net asset attributable to the Parent Company		**(218,950)**
Gain on sale of a subsidiary (MECC)		**331,050**

The result of MECC for the year is presented below:

	MECC	
	2024 KD	2023 KD
Revenue from contracts with customers	**674,445**	616,990
Cost of sale	**(432,774)**	(531,828)
Gross profit	**241,671**	85,162
General and administrative expenses	**(136,333)**	(263,909)
Provision charged	**-**	(177,025)
Impairment of property, plant and equipment	**-**	(372,293)
Finance costs	**(19,710)**	(27,631)
Gain on sale of a subsidiary (MECC)	**331,050**	-
Profit (loss) for the year from discontinued operations	**416,678**	(755,696)
Attributable to:		
Equity holders of the Parent Company	**238,469**	(377,848)
Non-controlling interests	**178,209**	(377,848)
	416,678	(755,696)

12. DISCONTINUED OPERATION (continued)

The major classes of assets and liabilities of CIC and MECC classified as held for sale as at 31 December 2024 and 31 December 2023 are, as follows:

	CIC		MECC		Total	
	2024 KD	2023 KD	2024 KD	2023 KD	2024 KD	2023 KD
Assets						
Property, plant and equipment	**-**	2,939,654	**-**	933,053	**-**	3,872,707
Inventories	**-**	-	**-**	423,064	**-**	423,064
Trade and other receivables	**-**	-	**-**	255,937	**-**	255,937
Cash and bank balances	**-**	3,913	**-**	5,566	**-**	9,479
Assets held for sale	**-**	2,943,567	**-**	1,617,620	**-**	4,561,187
Liabilities						
Accounts payables and accruals	**-**	299,097	**-**	118,092	**-**	417,189
Notes payables	**-**	-	**-**	397,215	**-**	397,215
Due to banks	**-**	207,497	**-**	152,624	**-**	360,121
Employees' end of service benefits	**-**	-	**-**	59,015	**-**	59,015
Due to related parties	**-**	-	**-**	263,820	**-**	263,820
Lease liabilities	**-**	290,937	**-**	25,955	**-**	316,892
Liabilities directly associated with assets held for sale	**-**	797,531	**-**	1,016,721	**-**	1,814,252
Net assets directly associated with disposal group	**-**	2,146,036	**-**	600,899	**-**	2,746,935

The net cash flow activities by the CIC and MECC classified as held for sale are, as follows:

	CIC		MECC		Total	
	2024 KD	2023 KD	2024 KD	2023 KD	2024 KD	2023 KD
Cash flows (used in) from operating activities	**-**	31,373	**(29,729)**	41,866	**(29,729)**	73,239
Cash flows from (used in) financing activities	**-**	(30,005)	**40,136**	(36,666)	**40,136**	(66,671)
Net cash inflow (outflow)	**-**	1,368	**10,407**	5,200	**10,407**	6,568

13. OTHER LIABILITIES

	2024 KD	2023 KD
Trade payables	**973,706**	1,054,460
Amounts due to related parties (Note 26)	**1,013,074**	1,013,074
Accrued staff leave	**474,373**	438,250
Provision for employees' end of service benefits	**1,040,089**	996,940
Accrued expenses	**439,720**	512,075
NLST Payable	**48,019**	48,019
KFAS payable *	**92,175**	111,664
Zakat payable	**92,552**	101,725
Other payables	**760,335**	385,934
	4,934,043	4,662,141

* Subsequent to the reporting period, the Parent Company fully settled the outstanding KFAS payable.

14. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024 *KD*	*2023* *KD*
As at 1 January	**3,647,555**	2,905,245
Additions	**932,146**	1,165,154
Finance cost	**300,631**	239,309
Payments	**(745,093)**	(632,370)
Disposals	**(172,622)**	(3,828)
Transfers from (to) discontinued operation (Note 12)	**290,937**	(25,955)
As at 31 December	**4,253,554**	3,647,555
Current portion	**450,606**	388,924
Non-current portion	**3,802,948**	3,258,631
	4,253,554	3,647,555

The weighted average incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position ranges from 4.5% to 6.5% (2023: 4.5% to 6.5%). The maturity analysis of lease liabilities are disclosed in Note 29.

The following are the amounts recognised in profit or loss related to right-of-use assets and lease liabilities:

	2024 *KD*	*2023* *KD*
Depreciation expense of right-of-use assets	**(237,740)**	(155,224)
Impairment of right-of-use assets	**-**	(367,447)
Finance costs on lease liabilities	**(300,631)**	(239,309)
Gain on derecognition of right-of-use (included in other income)	**6,215**	6,833
Total loss recognised in profit or loss	**(532,156)**	(755,147)

15. EQUITY

a) Share capital

	Number of shares		*Authorised, issued and fully paid*	
	2024	*2023*	*2024* *KD*	*2023* *KD*
Shares of 100 fils each (paid in cash)	383,275,688	383,275,688	38,327,569	38,327,569

During the year ended 31 December 2023, the authorised, issued, and fully paid share capital was increased by KD 10,000,000 by the issue of 100,000,000 ordinary shares of 100 fils each (Note 28).

The Board of Directors have proposed no bonus shares issue for the year ended 31 December 2024 (2023: Nil). No cash dividends were declared for the year ended 31 December 2024 (2023: Nil). This proposal is subject to the approval at the Annual General Meeting of the shareholders of the Parent Company.

b) Share premium

This represents the difference between the nominal value of the shares issued and the subscription or issue price. The reserve is not available for distribution except in cases stipulated by the Companies Law.

c) Statutory reserve

In accordance with the Companies' Law, and the Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before tax and Director's remuneration attributable to the equity holders of the Company shall be transferred to the statutory reserve. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

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15. EQUITY (continued)

d) Voluntary reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association a maximum of 10% of the profit for the year attributable to the equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the annual general assembly of the Parent Company upon a recommendation by the Board of Directors. There are no restrictions on distribution of the voluntary reserve.

e) Other reserve

Other reserve represents gain on disposal of a subsidiary without loss of a control. As result of complete disposal of the subsidiary during the current year, the amount has been transferred to retained earnings.

16. TREASURY SHARES

	2024	*2023*
Number of treasury shares *	**38,087,557**	45,087,457
Percentage of issued shares (%)	**9.94%**	11.76%
Cost of treasury shares (KD)	**4,068,119**	4,815,778
Market value (KD)	**4,189,631**	4,292,326

* The Parent Company has liquidated treasury shares by 7,000,000 shares to comply with the 10% regulatory limit.

Reserves equivalent to the cost of the treasury shares held are not available for distribution throughout the holding period of treasury shares.

17. DISAGGREGATION OF REVENUE

Contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2024 *KD*	*2023* *KD*
Types of goods or services:		
Sale of goods	**2,625,427**	2,555,540
Rendering of services	**5,000**	5,000
	2,630,427	2,560,540
Timing of revenue recognition:		
Goods and services transferred at a point in time	**2,625,427**	2,555,540
Goods and services transferred over time	**5,000**	5,000
	2,630,427	2,560,540

Fee and commission income

Set out below is the disaggregation of the Group's fees and commission income:

	2024 *KD*	*2023* *KD*
Types of goods or services:		
Rendering of services	**262,001**	211,446
	262,001	211,446
Timing of revenue recognition:		
Goods and services transferred at a point in time	**140,507**	140,910
Goods and services transferred over time	**121,494**	70,536
	262,001	211,446

18. NET INVESTMENT INCOME ON FINANCIAL ASSETS

	2024 *KD*	*2023* *KD*
Income from deposits	**117,116**	116,655
Dividend income	**349,876**	99,102
Realised gain on sale of financial assets at FVTPL	**193,332**	7,343
Unrealised gain on financial assets at FVTPL	**138,516**	10,415
	798,840	233,515

19. NET RENTAL INCOME

	2024 *KD*	*2023* *KD*
Rental income	**1,865,655**	1,679,739
Less: property and maintenance expenses	**(350,788)**	(419,864)
	1,514,867	1,259,875

20. NET ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

	2024 *KD*	*2023* *KD*
Net ECL reversal on trade receivables (Note 6)	**12,711**	96,809
Net ECL charge on receivables from related parties	**(5,000)**	(11,745)
Charge of inventories provision (Note 7)	**(431)**	(7,100)
(Charge) reversal of legal provisions no longer required	**(214,474)**	273,332
Impairment on property, plant and equipment (Note 11)	-	(52,447)
Impairment on property, plant and equipment - Carpets Industry Company K.S.C.C	-	(2,830,000)
Other provisions' reversal	**83,921**	34,667
	(123,273)	(2,496,484)

21. PROFIT FOR THE YEAR

Profit for the year is stated after charging:

	2024 *KD*	*2023* *KD*
Included in cost of sales:		
Materials and spare parts	**780,739**	802,258
Salaries, wages and other staff costs	**806,403**	774,370
Repairs and maintenance	**32,679**	41,263
Depreciation expense (Note 11)	**225,575**	232,585
Other expenses	**152,930**	141,231
	1,998,326	1,991,707
Included in general and administrative expenses:		
Staff costs	**1,909,364**	1,757,655
Selling and distribution expenses	**7,872**	2,509
Legal and professional fees	**133,267**	694,405
Rent expense for short-term leases	**9,743**	12,612
Depreciation expense (Note 11)	**321,727**	218,886
Other expenses	**431,155**	507,471
	2,813,128	3,193,538

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22. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares, less treasury shares outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

Basic and diluted earnings per share:	***2024***	*2023*
Profit (loss) attributable to ordinary equity holders of the parent:		
Continuing operations	**(20,777)**	1,417,620
Discontinued operations (Note 12)	**238,469**	(377,848)
Profit for the year attributable to the equity holders of the Parent Company (KD)	**217,692**	1,039,772
Weighted average number of outstanding shares	**339,947,868**	293,242,457
Basic and diluted earnings per share (fils)	**0.64**	3.55
Basic and diluted earnings per share from continued operation (fils)	**(0.06)**	4.84
Basic and diluted loss per share from discontinued operation (fils)	**0.70**	(1.29)

23. SEGMENTAL INFORMATION

The Group is organized into four major business segments based on the internal reporting provided to the management. The Group does not have material inter-segment transactions. The principal activities and services under these segments are as follows:

- Financial : Managing funds of private and public institution, acquiring companies in various sectors, mediation in lending and borrowing operations, acting as bond issuance managers, trading in securities including buying and selling of stocks and bonds of local companies and international governmental agencies.
- Real estate : Investing in real estate, owning movable and real estate properties that are necessary to practice its activities in accordance to the law.
- Industries : Producing various chemical products and marketing them locally and abroad. Owning industrial rights for patents, trade names, designs and leasing the same to other companies for their use inside or outside Kuwait.
- Others : Providing and preparing technical consultations, economic, valuation, feasibility studies and preparing necessary studies for establishments and companies.

Management monitors operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental return on investments.

The following table presents information regarding the Group's operating segments:

	Financial ***KD***	***Real estate*** ***KD***	***Industries*** ***KD***	***Others*** ***KD***	***Total*** ***KD***
31 December 2024					
Total revenue *	**1,339,335**	**531,166**	**701,469**	**307,086**	**2,879,056**
(Loss) profit for the year	**(155,303)**	**165,863**	**373,160**	**99,009**	**482,729**
Total assets	**16,169,441**	**16,679,528**	**9,893,152**	**979,874**	**43,721,995**
Total liabilities	**1,826,804**	**3,703,889**	**3,306,740**	**350,164**	**9,187,597**
Other disclosures:					
Investment in associates	**454,181**	**-**	**1,882,144**	**-**	**2,336,325**
Share of results of associates	**2,078**	**-**	**(43,476)**	**-**	**(41,398)**

23. SEGMENTAL INFORMATION (continued)

	Financial KD	*Real estate KD*	*Industries KD*	*Others KD*	*Total KD*
31 December 2023					
Total revenue *	5,251,265	(1,119,729)	(2,049,837)	309,314	2,391,013
Profit (loss) for the year	2,160,527	(299,581)	(3,426,075)	70,241	(1,494,888)
Total assets	15,679,010	16,691,242	10,430,253	1,037,101	43,837,606
Total liabilities	1,965,057	3,842,727	3,967,243	348,921	10,123,948
Other disclosures:					
Investment in associates and joint venture	361,497	-	1,895,290	-	2,256,787
Share of results of associates and joint venture	(935,808)	-	(124,110)	-	(1,059,918)

* Total revenue comprises operating profit after excluding general and administrative expenses.

The Group's total assets include KD 5,868,090 (2023: KD 5,600,142) as non-current assets located outside Kuwait, which mainly include financial assets at fair value through other comprehensive income, investment in associates, investment properties, intangibles and property and equipment.

24. MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of the subsidiary that has material non-controlling interests is provided below:

Name of subsidiary	*Country of incorporation and operation*	*2024*	*2023*
Safat Industries Holding Company K.S.C. (Closed)	Kuwait	**36.21%**	36.21%
Accumulated balances of material non-controlling interests		**1,816,910**	2,070,793
Profit (loss) allocated to material non-controlling interests		**105,645**	(2,479,830)

The consolidated financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	2024 KD	*2023 KD*
Revenue	**444,134**	262,399
Expenses	**(267,699)**	(3,857,745)
Total profit (loss) and comprehensive income	**176,435**	(3,595,346)
Attributable to non-controlling interests	**105,645**	(2,479,830)

24. MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Summarised consolidated statement of financial position:

	2024 KD	*2023 KD*
Current assets	**2,667,721**	6,733,538
Non-current assets	**3,626,445**	658,497
TOTAL ASSETS	**6,294,166**	7,392,035
Current liabilities	**1,463,308**	2,813,609
Non-current liabilities	**296,437**	15,507
TOTAL LIABILITIES	**1,759,745**	2,829,116
TOTAL EQUITY	**4,534,421**	4,562,919
,Attributable to:		
Equity holders of the Parent Company	**2,717,511**	2,492,125
Non-controlling interests	**1,816,910**	2,070,794

Summarised cash flow information:

	2024 KD	*2023 KD*
Cash flows (used in) from operating activities	**(250,619)**	34,569
Cash flows from investing activities	**556,922**	-
Cash flows from (used in) financing activities	**142,583**	(119,673)
Net increase (decrease) in cash and cash equivalents	**448,886**	(85,104)

25. FIDUCIARY ASSETS

The Group manages investment portfolios on behalf of clients. The total value of these portfolios at 31 December 2024 amounted to KD 52,964,233 (2023: KD 50,816,313) which are not reflected in the consolidated financial statements.

The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

For the year ended 31 December 2024, income earned from fiduciary assets amounted to KD 121,494 (2023: KD 70,536).

26. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management and are subject to the approval of the shareholders at the annual general assembly meeting (AGM).

The following tables show the aggregate value of transactions and outstanding balances with related parties:

	2024	*2023*
	KD	*KD*
Consolidated statement of financial position:		
Other assets - *Other related parties**	**20,119**	14,749
Financial assets at FVTPL - *Other related parties* (Note 8)	**178,725**	32,890
Financial assets at FVOCI - *Other related parties* (Note 8)	**17,594**	28,528
Other liabilities – *Other related parties* (Note 13) **	**300,074**	300,074
Other liabilities – *associate* (Note 13) **	**713,000**	713,000
Consolidated income statement:		
Management fees - *Associate companies*	**1,057**	1,092
Management fees - *Other related parties*	**10**	141
Consulting fees - *Associate companies*	**1,666**	-
Consulting fees - *Other related parties*	**(5,994)**	(25,465)

* Other assets from other related parties represents gross due from related parties amounting to KD 200,965 (2023: KD 190,595), adjusted for related expected credit losses amounting to KD 180,846 (2023: KD 175,846) (Note 6).

** The amounts due to related parties are interest free and payable on demand.

Other transactions
The Group also manages investment portfolios on behalf of related parties amounting to KD 426,011 (2023: KD 425,671).

Key management personnel
Key management personnel comprise the Board of Directors, Executive Committees and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows:

	2024	*2023*
	KD	*KD*
Salaries and short-term benefits	**246,629**	176,118
Committees' remuneration	**80,000**	80,000
Employees' end of service benefits	**9,808**	16,082
	336,437	272,200

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of bank overdrafts, notes payable and other liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include cash and short-term deposits and accounts receivable and other assets that derive directly from its operations. The Group also holds investments in securities.

The Group is exposed to credit risk, liquidity risk and market risk (including foreign currency risk, profit rate risk and equity price risk). The Group's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2024	*2023*
	KD	*KD*
Bank balances	**1,753,737**	1,754,578
Term deposits	**429,714**	702,658
Accounts receivable and other assets (excluding prepaid expenses and advances)	**4,420,037**	3,997,375
	6,603,488	6,454,611

Balances with banks and term deposits
Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies.

Impairment on cash and cash equivalents and term deposits has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and CBK guarantee of deposits placed with local banks.

Trade receivables
The Group uses a provision matrix based on the Group's historical observed default rates to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Trade receivables				
		Days past due			
31 December 2024	***Total***	***< 90 days***	***90–180 days***	***180– 365 days***	***> 365 days***
	KD	***KD***	***KD***	***KD***	***KD***
Expected credit loss rate		**0.16%**	**3.66%**	**7.92%**	**100%**
Estimated total gross carrying amount at default	**7,957,968**	**1,046,250**	**91,623**	**224,227**	**6,595,868**
Expected credit loss	**(6,618,692)**	**(1,723)**	**(3,352)**	**(17,749)**	**(6,595,868)**

	Trade receivables				
		Days past due			
31 December 2023	*Total*	*< 90 days*	*90–180 days*	*180– 365 days*	*> 365 days*
	KD	*KD*	*KD*	*KD*	*KD*
Expected credit loss rate		0.11%	2.51%	5.19%	100%
Estimated total gross carrying amount at default	7,626,087	698,145	73,300	333,206	6,521,436
Expected credit loss	(6,541,297)	(747)	(1,837)	(17,277)	(6,521,436)

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.1 Credit risk (continued)

Other receivables
Other receivables are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term. As a result, the impact of applying the expected credit risk model at the reporting date was immaterial.

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

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on an ongoing basis. The Group's credit sales require amounts to be paid within 60 days of the date of invoice and trade payables are normally settled within 60 to 90 days from the date of purchase.

The table below summarises the maturity profile of the Group's liabilities based on contractual undiscounted payments:

	Payable on demand KD	*Within 3 months KD*	*3 to 12 months KD*	*More than 1 Year KD*	*Total KD*
31 December 2024					
Other liabilities	**1,013,074**	**1,209,452**	**1,671,428**	**1,040,089**	**4,934,043**
Lease liabilities	**-**	**184,580**	**524,922**	**4,800,097**	**5,509,599**
	1,013,074	**1,394,032**	**2,196,350**	**5,840,186**	**10,443,642**

	Payable on demand KD	*Within 3 months KD*	*3 to 12 months KD*	*More than 1 Year KD*	*Total KD*
31 December 2023					
Other liabilities	1,013,074	1,315,868	1,366,259	966,940	4,662,141
Lease liabilities	-	154,630	574,722	3,997,982	4,727,334
	1,013,074	1,470,498	1,940,981	4,964,922	9,389,475

27.3 Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: profit rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits and debt and equity investments.

a) Foreign exchange risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the KD. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.3 Market risk (continued)

a) Foreign exchange risk (continued)
The Group currently does not use financial derivatives to manage its exposure to currency risk. The Group manages its foreign currency risk based on the limits determined by management and a continuous assessment of the Group's open positions, current and expected exchange rate movements. The Group ensures that its net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the KD.

The following tables set out the Group's exposure to foreign currency exchange rates on financial assets and (liabilities) at the reporting date:

Currency	***2024 Equivalent KD***	*2023 Equivalent KD*
US Dollar (USD)	**5,680,860**	5,474,864
Egyptian pound (EGP)	**815,102**	1,182,235

Foreign exchange rate sensitivity
The following table demonstrate the effect of a reasonably possible change in the aforementioned exchange rates, with all other variables held constant. The impact on the Group's profit/loss due to changes in the fair value of monetary assets and liabilities is as follows:

		2024		*2023*	
Currency	***Change in exchange rate***	***Effect on profit KD***	***Effect on equity KD***	*Effect on profit KD*	*Effect on equity KD*
USD	**+5%**	**130,335**	**153,708**	142,572	131,172
	-5%	**(130,335)**	**(153,708)**	(142,572)	(131,172)
EGP	**+5%**	**34,282**	**6,463**	49,288	9,824
	-5%	**(34,282)**	**(6,463)**	(49,288)	(9,824)

There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

An equivalent increase/decrease in each of the aforementioned currencies against the KD would have resulted in an equivalent but opposite impact.

b) Profit rate risk
Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Group's exposure to the risk of changes in market profit rates relates primarily to the Group's short-term debt obligations with floating profit rates.

The Group manages its profit rate risk by having a balanced portfolio of fixed and variable rate financial assets and financial liabilities. Further, the Group's policy is to manage its profit cost by availing competitive credit facilities from local financial institutions and constantly monitoring profit rate fluctuations.

Exposure to profit rate risk
The profit rate profile of the Group's profit-bearing financial instruments as reported to the management of the Group is as follows.

	2024 KD	*2023 KD*
Variable-rate instruments		
Financial assets	**429,714**	702,658

Profit rate sensitivity
A reasonably possible change of 50 basis points in profit rates at the reporting date would have resulted in an increase in profit for the year by KD 2,149 (2023: KD 3,513). This analysis assumes that all other variables, remain constant.

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

27.3 Market risk (continued)

c) Equity price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL) (Note 8). The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Senior Management reviews and approves all major equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was KD 7,095,825 (2023: KD 7,374,616). Sensitivity analyses of these investments have been provided in Note 31.1.

The Group's listed equity investments are publicly traded and are included either in the Kuwait Stock Exchange ("Boursa Kuwait") or other GCC markets.

The table below summarizes the impact of increases/decreases of the respective price indices in the relevant market on the Group's equity and profit for the year. The analysis is based on the assumption that the equity indexes had increased or decreased by 5% respectively, with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

	2024		*2023*	
	Effect on other comprehensive income KD	***Effect on profit KD***	*Effect on other comprehensive income KD*	*Effect on profit KD*
Market indices	**+/- 77,860**	**+/- 187,984**	+/- 62,370	+/- 167,311

An equal change in the opposite direction would have would have resulted in an equivalent but opposite impact on profit or equity.

28. BUSINESS COMBINATION AND MERGER

On June 2, 2022, Parent Company announced preliminary agreement to merge by amalgamation with Cap Corp Investment Company K.S.C.C. ("Cap Corp"). Cap Corp was principally engaged in investment in financial instruments.

On May 18, 2023, the Extra-Ordinary General Meeting (EGM) of the Parent Company approved the merger between Cap Corp and Parent Company by way of amalgamation, including the dissolution of Cap Corp pursuant to which the Parent Company shall be the merging company and Cap Corp will be merged company. The EGM also approved the share swap ratio.

On 29 August 2023, the Parent Company obtained the approval of Kuwait Capital Market Authority (CMA) for the merge through swap, where shareholders of Cap Corp will receive shares of the Parent Company. Cap Corp was principally engaged in investment in financial instruments.

On 19 October 2023, the share swap was executed and the Parent Company issued 100,000,000 shares against 200,000,000 Cap Corp shares according to the swap ratio of 0.5 of the Parent Company's share for each Cap Corp's share. As a result of this, the Parent Company acquired control of Cap Corp, by issuing new shares of the Parent Company at purchase consideration of KD 10,200,000 being the quoted price of the shares of the Parent Company at the date of acquisition. The acquisition has been accounted for in accordance with IFRS 3: *Business combination* ("IFRS 3").

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28. BUSINESS COMBINATION AND MERGER (continued)

The consideration paid and the fair values of assets acquired, and liabilities assumed, are summarized as follows:

	KD
Assets	
Cash in hand and at banks	**2,962,309**
Receivables and prepayments	**2,684,985**
Financial assets designated at fair value through profit and loss	**3,961,962**
Financial assets designated at fair value through other comprehensive income	**6,673,986**
Property and equipment	**3**
	16,283,245
Liabilities	
Provision for employees' end of service benefits	**312,185**
Other liabilities	**84,006**
	396,191
Net assets acquired	**15,887,054**
Purchase consideration	**(10,200,000)**
Bargain purchase gain	**5,687,054**
Cash flows on business combination	
Cash and bank balances in subsidiary acquired	**2,962,309**
Net cash inflow on business combination	**2,962,309**

In accordance with requirements of IFRS 3, the Group has carried out a purchase price allocation ("PPA") exercise which resulted in a gain from business combination, since the fair value of the assets acquired and liabilities assumed exceeded the purchase consideration.

Acquisition-related costs are charged to the consolidated income statement of the Group.

Had the business combinations taken place at the beginning of the year ended 31 December 2023, revenue of the Group and loss attributable to equity holders of the Parent Company, would have been higher by KD 21,775 and KD 677,150 respectively.

29. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

	31 December 2024		
	Within 12 months KD	***After 12 months KD***	***Total KD***
ASSETS			
Cash and bank balances	**1,765,232**	**-**	**1,765,232**
Term deposits	**429,714**	**-**	**429,714**
Accounts receivable and other assets	**2,289,399**	**2,631,587**	**4,920,986**
Inventories	**346,836**	**-**	**346,836**
Investment securities	**4,483,856**	**7,928,852**	**12,412,708**
Investment in associates	**-**	**2,336,325**	**2,336,325**
Investment properties	**-**	**16,290,913**	**16,290,913**
Property, plant and equipment	**-**	**5,219,281**	**5,219,281**
Total assets	**9,315,037**	**34,406,958**	**43,721,995**
LIABILITIES			
Other liabilities	**3,893,954**	**1,040,089**	**4,934,043**
Lease liabilities	**450,606**	**3,802,948**	**4,253,554**
Total liabilities	**4,344,560**	**4,843,037**	**9,187,597**
Net	**4,970,477**	**29,563,921**	**34,534,398**

	31 December 2023		
	Within 12 months KD	*After 12 months KD*	*Total KD*
ASSETS			
Cash and bank balances	1,778,976	-	1,778,976
Term deposits	5,500	697,158	702,658
Accounts receivable and other assets	1,538,875	2,645,909	4,184,784
Inventories	322,376	-	322,376
Investment securities	4,025,831	7,942,384	11,968,215
Investment in associates	-	2,256,787	2,256,787
Investment properties	-	15,923,051	15,923,051
Property, plant and equipment	-	2,139,572	2,139,572
Asset held for sale	4,561,187	-	4,561,187
Total assets	12,232,745	31,604,861	43,837,606
LIABILITIES			
Other liabilities	3,665,201	996,940	4,662,141
Lease liabilities	388,924	3,258,631	3,647,555
Liabilities directly associated with the assets held for sale	1,814,252	-	1,814,252
Total liabilities	5,868,377	4,255,571	10,123,948
Net	6,364,368	27,349,290	33,713,658

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30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may review the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade payables, less cash and short-term deposits. Capital represents total equity attributable to equity holders of the Parent Company.

	2024 KD	*2023 KD*
Trade payables	**973,706**	1,054,460
Less: cash and bank balances	**(1,765,232)**	(1,778,976)
Less: term deposits	**(429,714)**	(702,658)
Net assets	**(1,221,240)**	(1,427,174)
Equity attributable to shareholders of the Parent Company	**30,467,920**	29,446,821
Capital and net debt	**29,246,680**	28,019,647
Gearing ratio	**-**	**-**

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

As of the reporting date, the Group is in compliance with minimum required regulatory capital adequacy ratio for the year ended 31 December 2024 and 31 December 2023 in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

31. FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's senior management determines the policies and procedures for recurring fair value measurement, such as investment properties and unquoted equity investments.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the senior management Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

31. FAIR VALUE MEASUREMENT (continued)

The Group measures financial instruments such as investment in equity securities and non-financial assets such as investment properties, at fair value at each reporting date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value, including the valuation methods, significant estimates and assumptions are disclosed below.

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

Financial instruments	***2024 KD***	*2023 KD*
Investment securities (at fair value)		
Quoted equity securities	**5,316,883**	4,593,599
Unquoted equity securities	**7,095,825**	7,374,616
	12,412,708	11,968,215
Non-financial assets		
Investment properties	**16,290,913**	15,923,051

Management assessed that the fair value of the following financial assets and liabilities approximate their carrying amounts:

- Cash and bank balances
- Term deposits
- Accounts receivables and other assets
- Other liabilities
- Lease liabilities

Valuation methods and assumptions
The following methods and assumptions were used to estimate the fair values:

Listed investment in equity securities
Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Unlisted equity investments
The Group invests in funds and private equity companies that are not quoted in an active market. Units held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally classified as Level 2. Private equity companies represent non-listed entities. Transactions in such investments do not occur on a regular basis. The Group uses a weighted average of multiple valuation techniques such as market-based valuation technique, adjusted NAVs and Discounted Cash flow (DCF) model. The Group determines and calculates an appropriate trading multiple based on related listed peers. DCF model inputs, including forecast cash flows and the discount rate. The weighted average price based above related techniques /models are then discounted for considerations such as illiquidity and based on company-specific facts and circumstances. The Group classifies the fair value of these investments as Level 3.

Investment properties
The fair value of investment properties was assessed by accredited independent real estate experts with recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued. The valuation models applied are consistent with the principles in IFRS 13 *'Fair Value Measurement'* and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitalisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm'). The fair value of investment properties are classified as either level 2 or level 3.

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31. FAIR VALUE MEASUREMENT (continued)

31.1 Financial instruments

Fair value hierarchy
The following tables provide the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

		Fair value measurement using		
31 December 2024	***Total KD***	***Quoted prices in active markets (Level 1) KD***	***Significant observable inputs (Level 2) KD***	***Significant unobservable inputs (Level 3) KD***
Financial assets at FVTPL:				
Quoted equity securities	**3,759,678**	**3,759,678**	**-**	**-**
Unquoted equity securities	**724,178**	**-**	**704,148**	**20,030**
	4,483,856	**3,759,678**	**704,148**	**20,030**
Financial assets at FVOCI				
Quoted equity securities	**1,557,205**	**1,557,205**	**-**	**-**
Unquoted equity securities	**6,371,647**	**-**	**-**	**6,371,647**
	7,928,852	**1,557,205**	**-**	**6,371,647**
Investment securities (at fair value)	**12,412,708**	**5,316,883**	**704,148**	**6,391,677**

		Fair value measurement using		
31 December 2023	*Total KD*	*Quoted prices in active markets (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*
Financial assets at FVTPL:				
Quoted equity securities	3,346,213	3,346,213	-	-
Unquoted equity securities	679,618	-	667,878	11,740
	4,025,831	3,346,213	667,878	11,740
Financial assets at FVOCI				
Quoted equity securities	1,247,386	1,247,386	-	-
Unquoted equity securities	6,694,998	-	-	6,694,998
	7,942,384	1,247,386	-	6,694,998
Investment securities (at fair value)	11,968,215	4,593,599	667,878	6,706,738

During 2023, an equity investment upon delisting was transferred from Level 1 to Level 3. There were no transfers between any levels of the fair value hierarchy during 2024.

31. FAIR VALUE MEASUREMENT (continued)

31.1 Financial instruments (continued)

Reconciliation of Level 3 fair values
The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

31 December 2024	*Financial assets at FVOCI KD*	*Financial assets at FVTPL KD*	*Total KD*
As at 1 January 2024	**6,694,998**	**11,740**	**6,706,738**
Remeasurement recognised in OCI	**(323,351)**	**-**	**(323,351)**
Remeasurement recognised in profit or loss	**-**	**8,290**	**8,290**
As at 31 December 2024	**6,371,647**	**20,030**	**6,391,677**

31 December 2023	*Financial assets at FVOCI KD*	*Financial assets at FVTPL KD*	*Total KD*
As at 1 January 2023	49,136	15,535	64,671
Addition through Business acquisition	6,673,986	-	6,673,986
Disposals	(21,141)	-	(21,141)
Remeasurement recognised in OCI	(6,983)	-	(6,983)
Remeasurement recognised in profit or loss	-	(3,795)	(3,795)
As at 31 December 2023	6,694,998	11,740	6,706,738

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December are as shown below:

Significant unobservable valuation inputs	**Range**	**Sensitivity of the input to fair value**
Discount rate	2024: 10.76% 2023: 8.48%	1% (2023:1%) increase (decrease) in discount rate would (decrease) increase the fair value by KD 550,124 (2023: KD 395,538)
Discount for lack of marketability (DLOM)	2024: 15% 2023: 15%	10% (2023:10%) increase (decrease) DLOM would (decrease) increase the fair value by KD 639,167 (2023: KD 670,674)

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

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31. FAIR VALUE MEASUREMENT (continued)

31.2 Non-financial assets

The following tables provide the fair value measurement hierarchy of the Group's non-financial assets:

		Fair value measurement using		
31 December 2024	*Total KD*	*Quoted prices in active markets (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*
Investment properties	**16,290,913**	**-**	**2,640,318**	**13,650,595**
31 December 2023				
Investment properties	15,923,051	-	2,628,750	13,294,301

There were no transfers between any levels of the fair value hierarchy during 2024 or 2023.

Reconciliation of Level 3 fair values
Reconciliation for recurring fair value measurement of investment properties categorised within Level 3 of the fair value hierarchy is disclosed in Note 10.

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy are the annual rental income, yield rate (income capitalisation approach) and price per sqm (market approach).

Significant assumptions used for valuation of investment properties with the same characteristics are as follows:

	2024	*2023*
Income capitalisation approach		
Average monthly rent (per sqm) (KD)	**8.33**	8.27
Yield rate (%)	**9.75% to 38.24%**	10% to 34%

Sensitivity analysis
The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment properties:

	Changes in valuation assumptions	*2024*	*2023*
Income capitalisation approach			
Average monthly rent (per sqm) (KD)	**+5%**	**549,100**	530,350
	- 5%	**(549,100)**	(530,350)
Yield rate (%)	**+50bps**	**(374,275)**	(337,443)
	- 50bps	**409,997**	367,432

32. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

	2024 *KD*	*2023* *KD*
Letters of guarantee *	**536,118**	536,290
Letter of credit	**-**	113,942

* The Group has provided bank guarantees and letters of credit in the ordinary course of business. No material liabilities are expected to arise.

Legal cases

a) In 2020, the Court of Cassation ruled in favour of the Parent Company on its disputes with the Qatar National Bank (the 'bank'). As result of this ruling, the Parent Company initiated legal formalities for transferring 25,295,591 shares of Q Holding PSC ('Q Holding') to the bank and also claiming other related assets (i.e. its non-mortgaged holding of Q Holding shares amounting to 40,062,158 shares and related dividends receivable) from Evolvance Capital Ltd (the 'custodian'). However, the Parent Company encountered difficulties in confirming and reclaiming the aforementioned assets from the custodian. Accordingly. the Parent Company fully provided for its investment Q Holding shares.

32. COMMITMENTS AND CONTINGENCIES (continued)

Legal cases (continued)

In 2021, the custodian filed a lawsuit against the Parent Company claiming an amount of AED 71,082,525 (equivalent KD 5,936,443) in lieu of management fees for the years 2007 to 2020. Accordingly, the Parent Company filed a counter claim before the court of law against the custodian.

On 28 September 2022, the court ruled in favour of the Parent Company as a result of which the custodian is required to pay a settlement amount of AED 346,797,739 (equivalent KD 28,962,744) along with an interest of 5% from the date of the lawsuit (i.e. 4th March 2021) until the final payment of settlement.

On 26 October 2022, the Parent Company also obtained a court order to precautionarily seize all movable and liquid funds of the custodian. However, the custodian filed an appeal against the ruling and the court hearing scheduled on 7 November 2022 was adjourned to 21 November 2022 This was deferred to 29 March 2023 which was further postponed to 17 April 2023.

On 17 April 2023, the Court appointed an expert committee to review the case documents and submit their findings therein. The Court ordered the deposit fees for the expert committee to be borne by the appellant. Subsequently, after the appellant paid the deposit fees by 3 May 2023, the hearing was initially scheduled for 7 August 2023. However, it was subsequently postponed to 18 September 2023, then further rescheduled to 22 November 2023, and subsequently to 28 February 2024. On 20 December 2023, the expert committee issued its report, which presented the same facts that the court had taken into consideration on 28 September 2022. The hearing was further postponed to 13 March 2024. Later, it was rescheduled to 20 March 2024. On 20 March 2024, the Appeal Court ruled to reject the appeal filed by the custodian and upheld the ruling made on 28 September 2022. However, the Custodian filed an appeal against this ruling before the Court of Cassation, and the court hearing scheduled to be held on 22 May 2024 which was postponed to 7 August 2024 and subsequently to 21 August 2024. On August 21, 2024, the Court of Cassation issued its final ruling, rejecting the appeal and making the first-instance judgment in favor of the Parent Company final and not subject to further appeal. Following the final ruling, the Parent Company initiated enforcement procedures against the Custodian. Subsequent to the reporting period, on 9 January 2025, the Parent Company entered into a comprehensive settlement agreement with the Custodian, amounting to AED 160 million, duly certified by the Center for Amicable Settlement of Disputes at the Execution Court – Dubai. Under this agreement, the Parent Company received the first installment of AED 60 million on 26 January 2025, from the total settlement amount. The remaining settlement payments have been rescheduled and will be paid to the Parent Company over the next five years.

33. TAXATION

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities (MNE Group) whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate.

On 31 December 2024, the State of Kuwait also enacted Law No. 157 of 2024 (the "Law"), introducing a Domestic Minimum Top-Up Tax (DMTT) effective from 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and effective tax rate shall be computed in accordance with the Executive regulations which will be issued within six months from the date of issue of the Law. The Law effectively replaces the existing NLST and Zakat tax regimes in Kuwait for MNEs within the scope of this Law. However, this is not yet applicable for the current reporting year as the Group's consolidated revenue is currently below the threshold of EUR 750 million.