شركة الديرة القابضة
Al-Deera Holding Co.

Al Deera Holding Company

Annual Report 2024

H. H. Sabah Al-Khaled Al-Hamad Al-Sabah

Crown Prince of the State of Kuwait

H. H. Mishal Al-Ahmad Al-Jaber Al-Sabah

Amir of the State of Kuwait

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Board members

Talal Badr Al-Bahr
Chairman

Badr Jassim Al-Hajri
Vice Chairman

Rami Habli
CEO and Board Member

Saleh Mohammed Al-Tunaib
Board member

Fahad Hussam Al-Shamlan
Board member

Esteemed Shareholders,

After greetings,

On behalf of myself and my fellow Board Members of *Al-Deera Holding Company*, I am pleased to present to you the **Annual Report** on the Company's performance for the financial year ending **31st December 2024**.

General Overview

The year 2024 witnessed continued profitability despite the Russia–Ukraine war entering its third year, and the ongoing war on Gaza entering its second year — both of which have had negative impacts on the region. This has led to increased inflation in the prices of goods and services, resulting in a rise in interest rates.
Oil prices declined to an average of **USD 76** by the end of 2024, affecting the budgets of the Gulf Cooperation Council countries. Nonetheless, 2024 witnessed a rise in stock indices due to expectations of interest rate reductions, following record high interest rates in the previous year.

Financial Performance

The Company recorded profits for the fourth consecutive year, achieving a net profit of KD 3,392,664 for the year 2024, equivalent to 32.86 fils per share. This represents a significant increase compared to the net profit of KD 1,976,541 (19.14 fils per share) reported in 2023. The 2024 profits were primarily driven by the Company's share of profits from associate companies, which amounted to KD 2,354,858, along with an increase in the fair value of investments through profit and loss totaling KD 1,990,857. During the year, the Company incurred financing costs of KD 479,584, general and administrative expenses of KD 284,232, and staff costs amounting to KD 197,618. In addition, the Company successfully settled approximately KD 7.2 million in debts and liabilities, thereby reducing its total borrowings to KD 6.650 million. Shareholders' equity also showed substantial growth, rising from KD 21 million to KD 32 million..

Performance of Subsidiaries and Associate Companies

One of our associate companies, **Arzan Financial Group for Financing and Investment**, recorded profits of **KD 14.097 million** in 2024, compared to **KD 7.034 million** in 2023.

This stable performance was supported by the increase in revenues and the profits of assets owned by the company. Arzan has started implementing its new strategy and focusing on becoming a leader in providing distinguished and innovative financial and investment services.
The Board of Directors of Arzan Financial Group recommended:

- **Cash dividends** of 3% (equivalent to 3 fils per share)
- **Bonus shares** of 5% (5 shares for every 100 shares)

<u>Future Plans</u>

Regarding the future plans, the Company is currently working to capitalize on profitable investment opportunities on the **Kuwait Stock Exchange** and is also studying several investments in new projects.
The Company remains committed to its policy of controlling expenses and financial burdens, contributing to the execution of its strategy of investing in promising and high potential assets.

In Conclusion

I would like to express my sincere thanks and appreciation to all our esteemed shareholders for your continuous and lasting support and the trust you have placed in us.
On behalf of all of you, we extend our appreciation to the efforts of the management team and the Company's employees for their dedication in achieving the Company's objectives.
We wish them continued success and prosperity.

Talal Badr Al-Bahr
Chairman

Report on Transactions with Related Parties Conducted or to be Conducted During 2024

To: Esteemed Shareholders

During the year 2024, the Company conducted the following transactions with related parties:

- **EIM Consulting Services Company** provided administrative services to the Company valued at **KWD 151,000**.
- **Al-Deera Holding Company** charged **Arzan Capital** interest in the amount of **KWD 87,176** based on a **Repo Agreement** signed between them.
- The Company incurred **financing costs** on loans from **Kuwait Holding Company** and **Al-Rana General Trading & Contracting Company**, totaling **KWD 132,188**.
- **Al-Deera Holding Company** settled a loan of **KWD 1,150,000** with **Al-Nuzha International Real Estate Company**, resulting in a **profit of KWD 847,703**.
- **Al-Deera Holding Company** settled a loan of **KWD 2,727,886** with **Al-Rana General Trading & Contracting Company**, resulting in a **profit of KWD 1,879,401**.
- **Al-Deera Holding Company** settled a loan of **KWD 1,671,849** with **Kuwait Holding Company**, resulting in a **profit of KWD 1,162,867**.
- **Al-Deera Holding Company** settled a creditor balance with **Al-Rana General Trading & Contracting Company** amounting to **KWD 779,877**, resulting in a **profit of KWD 533,626**.
- **Al-Deera Holding Company** settled a creditor balance with **Madd Al-Bahar Holding Company** amounting to **KWD 705,000**, resulting in a **profit of KWD 482,392**.
- **Al-Deera Holding Company** settled a creditor balance with **Kuwait Holding Company** amounting to **KWD 199,549**, resulting in a **profit of KWD 136,540**.

These are the transactions conducted with related parties for the fiscal year ending **31/12/2024**. The Board of Directors requests the shareholders' authorization to conduct transactions with related parties during the fiscal year ending **31/12/2025**, with the commitment that the Board will present such transactions to the **General Assembly of Shareholders for 2024** for approval or rejection.

Annual Corporate Governance Report 2024

Introduction

The Board of Directors ("the Board") of Al-Deera Holding Company ("the Company") always strives, through its decisions and actions, to safeguard the interests of shareholders, clients, and other stakeholders. The Board is committed to establishing the highest standards and best practices for sound governance principles and to ensuring that the Company's internal control systems operate according to best practices.
The Board also seeks to affirm the principle of trust in the Company's management of its various resources by maintaining, developing, and prudently managing those resources. The Board works to protect related parties and is committed to implementing the Company's approved policies and procedures in this regard. It carries out its duties by supervising these operations and ensures full and transparent disclosure to shareholders.
Governance is defined as the system through which the company's operations are directed, managed, and monitored at the highest level, enhancing its ability to achieve long-term strategic goals. This is accomplished by adhering to the implementation of the Company's work policies and procedures and complying with legal and regulatory requirements.

The Board believes that having an appropriate governance system is critical as it enhances the integrity of the company's business and investor confidence. Accordingly, the Board regularly seeks to improve the effectiveness and performance of the governance system by monitoring the performance of the Board's committees.
Throughout the year ended December 31, 2024, the Company has followed the corporate governance rules and regulations issued by the Capital Markets Authority. The Company's philosophy is centered on achieving the highest levels of responsibility, transparency, and integrity in conducting and performing its business, with a focus on adhering to all applicable laws and regulations in its field.
The Company has adopted a set of policies and best practices to enhance transparency and timely, accurate disclosure of information related to its financial statements, operational performance, management, and governance system.

Principle One

Establishing a balanced Board structure

The composition of the Board is characterized by a structure that aligns with the nature and activities of the Company, ensuring that the majority of Board members are non-executive and do not have any relationships between them that could affect the independence of their decisions. The Board includes a sufficient number of members to enable the formation of an appropriate number of sub-committees.

The Board of Directors has formed the following committees: the Nominations and Remunerations Committee, the Audit Committee, and the Risk Management Committee. Each of these committees operates under approved charters that define their scope of work, authorities, responsibilities, and duties.

The Board is accountable to the General Assembly of Shareholders and is entrusted with the responsibility of safeguarding the Company's interests, developing its business, and achieving its vision, mission, strategy, and goals to fulfill the aspirations of shareholders and other stakeholders. The Board also works to prevent conflicts of interest, always prioritizing the interests of the Company.

The Board consists of five members elected by the General Assembly of the Company for a term of three years. Collectively, the Board structure reflects a diversity of experience, qualifications, and knowledge in the fields in which the Company operates. This includes familiarity with legal, economic, governance, internal control, risk management, financial management, as well as strategic planning aspects.

The composition of the Board of Directors is as follows:

Name	Academic qualifications and professional experience	Membership classification	Date of election or appointment
Mr. Talal Bader Al-Bahar	- Bachelor of Business Administration (Major in Finance – Management Information Systems), Boston University – USA, 2001. - Certificate in Private Equity Program – London Business School, 2008. - Executive Training Certificate – Leading Change and Organizational Renewal – Harvard Business School, 2016. - Executive Training Certificate – Harvard Business School – *Negotiation and Competitive Decision Making*, 2018. - Executive Training Certificate – Harvard Business School – *Creating Smarter Corporations*, 2019. - Executive Training Certificate – Harvard Business School – *Certificate of Management Excellence*, 2019. - Certificate from the Trading Academy on Capital Markets Authority Rules and Regulations – May 2021. - Professional Certificate in Finance and Investment – Kuwait Investment Authority, 2001. - Online Certificate from the Trading Academy (Union of Investment Companies) – Combating Money Laundering and Financial Crimes, 2022 & 2023. **During his career, he held several positions:** 1. Deputy Chief Executive Officer – Arzan Financial Group for Financing and Investment. 2. Executive Director – Asset Management and Brokerage Division, Arzan Financial Group for Financing and Investment. 3. Chairman of the Board – EFG Hermes IFA Financial Brokerage Company. 4. Vice Chairman of the Board – Kuwait International Investment Company. 5. Board Member – Kuwait Clearing Company. 6. Member of the Supervisory Committee for the Chamber of Commerce and Industry Elections. 7. Board Member – Credit Information Network Company (Ci-Net). 8. Acting Executive Director (Credit and Collection Sector) – Arzan Financial Group for Financing and Investment. **He currently holds the following positions:** 1. Chairman of the Board – EFG Hermes IFA. 2. Chairman of the Board – Al-Deera Holding Company. 3. Vice Chairman of the Board – Kuwait Clearing Company. 4. Chairman of the Board – Kuwait Clearing House . 5. Member of the Economic Policies Committee – Union of Investment Companies. 6. Director – Ravinia Company. 7. Board Member of National Gas Company	**Chairman of the Board *(Non-Executive)***	**14/05/2024**

Name	Academic qualifications and professional experience	Membership classification	Date of election or appointment
Mr. Bader Jassem Al-Hajeri	**Bachelor of Business Administration** – (Major in Marketing) – Kuwait University, 1999. **Throughout his professional career, he has held several positions**: 1. Manager of Banking Services – Boubyan Bank. 2. Vice President of Government Bodies and Agencies – Fast Telecom. 3. Senior Manager – Investment Recruitment Department – Al-Oula Investment. 4. Board Member – IFA International Financial Consulting Company. **He currently holds the following positions:** 1. Vice Chairman of the Board – Al-Deera Holding Company. 2. Executive Vice President (Real Estate Division) – Kuwait Real Estate Company. 3. Vice Chairman of the Board – Al-Aqdaeen Kuwaiti Real Estate Development Company. 4. Vice Chairman of the Board – Seven Seas Resorts Company. 5. Board Member – EFG Hermes IFA Financial Brokerage Company. 6. Board Member – Arzan Financial Group for Financing and Investment. 7. Board Member – Kuwait International Investment Company. 8. Board Member – Real Estate Union. 9. Board Member – First Takaful Insurance Company.	**Vice Chairman of the Board *(Non-Executive)***	**14/05/2024**

Name	Academic qualifications and professional experience	Membership classification	Date of election or appointment
Mr. Rami Habli	- Bachelor of Business Administration (BBA) – American University of Beirut, 1996. - Master of Business Administration (MBA) – Boston University, 1999. - Certified Public Accountant (CPA) – Massachusetts, USA, 1999. - Chartered Financial Analyst (CFA) – USA, 2002. - Certified Accountant (CA) & CPA – Ontario, Canada, 2003. **During his career, he has held several positions:** 1. Executive Vice President of Investments – Kuwait Holding Company. 2. Vice President of Investments – Al-Ritaj Investment Company. 3. Group Manager in Corporate Finance and Internal Auditing – Al-Ghanim Industries. 4. Manager at Deloitte in Boston and Toronto offices. 5. Financial Analyst – Abdul Latif Jameel (Saudi Arabia). **He currently holds the following positions:** 1. Chief Executive Officer and Board Member – Al-Deera Holding Company. 2. Board Member – National Gas Company. 3. Board Member – Suhail Telecommunication Services Company. 4. Board Member – National Slaughterhouses Company. 5. Board Member – EFS Facilities Management – DIFC. 6. Board Member – Fifth Pilar Takaful Insurance Company (Pakistan). 7. Board Member – First Takaful Insurance Company.	**Chief Executive Officer and Board Member *(Executive)***	**14/05/2024**

Name	Academic qualifications and professional experience	Membership classification	Date of election or appointment
Mr. Saleh Mohammed Al-Tunaib	- Master's Degree in Accounting Sciences – University of San Diego, 2010. **During his career, he has held several positions:** 1. Board Member – Al-Oula Slaughterhouses Company. 2. Board Member – IFA Food Company. 3. Chief Executive Officer – Yasmeen Central Food Market Company. 4. Board Member – Kuwait International Investment Holding Company (Closed Shareholding Company). **He currently holds the following positions:** 1. Board Member – Al-Deera Holding Company. 2. Chief Executive Officer – On Cost (Cash & Carry) 3. General Manager – Al-Nuzha United Restaurant Management Company. 4. General Manager – Al-Nuzha Kuwaiti Restaurant Management Group. 5. Vice Chairman of the Board – IFA Food Company. 6. Chairman of the Audit Committee – First Takaful Insurance Company. 7. General Manager – Blue Jay Import and Export Company. 8. General Manager – Smooth Logistics Warehouse Storage Company. 9. Board Member – Kuwait International Investment Holding Company (Closed Shareholding Company).	**Board Member *(Independent)***	**14/05/2024**

Name	Academic qualifications and professional experience	Membership classification	Date of election or appointment
Mr. Fahad Hussam Al-Shamlan	- Bachelor's Degree in Architecture from the University of Miami, College of Architecture, Florida – 2000. - Master of Business Administration (MBA) in Finance and International Business from the University of Miami, Graduate School of Business, Florida – 2004. **During his professional career, he has held several positions:** 1. Assistant Project Manager – FORBES ARCHITECTS, Miami, Florida, from 2000 – 2002. 2. Development and Design Manager – GLOBAL DESTINATIONS DEVELOPMENT, LLC, Miami, Florida, from June 2004 – March 2008. 3. Investment and Acquisition Manager – IFA Hotels and Resorts, Dubai, UAE, from May – December 2008. 4. Head of Investments – RAIMON LAND PLC, Bangkok, Thailand, from October 2009 – February 2010. 5. Investment and Development Manager – IFA Hotels and Resorts – Africa & Indian Ocean, Durban, South Africa, from February – October 2010. 6. Development Manager – IFA Hotels and Resorts, Beirut, Lebanon, from October 2010 – May 2011. **He currently holds the following positions:** 1. Vice President – Investment and Acquisition Management – Kuwait Real Estate Company. 2. Board Member – Al-Deera Holding Company. 3. Board Member – Kuwait Slaughterhouses Company. 4. Board Member – Al-Aqdaeen Kuwaiti Real Estate Development Company. 5. Board Member – Active Holding Company.	**Board Member *(Non-Executive)***	**14/05/2024**

Name	Academic qualifications and professional experience	Membership classification	Date of election or appointment
Mr. Mohammed Kamal AbdulAziz	Bachelor's Degree in Accounting – Helwan University	**Assistant Manager – Finance and Secretary of the Board and Committees**	**14/05/2024**

Mr. Mohamed Kamal Abdelaziz serves as the Secretary of the Board Meetings, having been reappointed by a decision issued by the Board on May 14, 2024. The Board has established a special record for meeting minutes, which includes discussions and deliberations, indicating the location, date, and the start and end times of each meeting. The meeting minutes are sequentially numbered for the year in which they were held, categorized, and stored in a way that makes them easy to access. In order to ensure that all required information and data is provided accurately and in a timely manner to all Board members, the updated information and data that any member may require are made available through the Board Secretary.

Overview of the Company's Board Meetings:

The Board held eleven meetings during 2024 at the invitation of the Chairman of the Board, in accordance with the company's articles of incorporation and bylaws. Board members were provided with an agenda for the meetings, containing specific topics supported by the necessary documents and information, well in advance of the meetings for study and review. The agendas were approved during the meetings.

Board Meetings in 2024

#	Member's Name	Membership Status or Membership Type	Meeting No. (1) 07/02/2024	Meeting No. (2) 30/03/2024	Meeting No. (3) 14/05/2024	Meeting No. (4) 19/05/2024	Meeting No. (5) 28/05/2024	Meeting No. (6) 05/06/2024	Meeting No. (7) 12/06/2024	Meeting No. (8) 04/07/2024	Meeting No. (9) 14/08/2024	Meeting No. (10) 13/11/2024	Meeting No. (11) 22/12/2024	Number of Meetings	Attendance Percentage
1	Mr. Talal Bader Al-Bahar	Chairman of the Board of Directors	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	11	%100
2	Mr. Bader Jassem Al-Hajeri	Vice Chairman of the Board of Directors	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	11	%100
3	Mr. Rami Habli	Chief Executive Officer and Board Member	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	11	%100
4	Mr. Saleh Mohammed Al-Tunaib	Board Member	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	11	%100
5	Mr. Fahad Hussam Al-Shamlan	Board Member	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	11	%100

Application of registration, coordination, and archiving requirements for board meetings minutes

The company, through the Board Secretary, maintains a numbered record that outlines the dates of the Board meetings throughout 2024.

Rule two

Proper Definition of Roles and Responsibilities

Defining the roles and responsibilities of the Board of Directors and executive management in the approved policies and regulations, as well as the powers delegated to executive management

The Company's Board of Directors assumes all the necessary powers and authorities required to manage the company and bears the ultimate responsibility for it. The roles and responsibilities of both the Board and the Executive management are clearly defined in the approved policies and regulations, in a manner that reflects a balanced distribution of powers and authority between them.

The Board carries out its duties and functions through its delegated committees, to which certain powers have been assigned based on approved charters. The Board is also responsible for approving all policies and ensuring that an appropriate strategy is in place that serves its goals and aspirations.

The roles and responsibilities of the Board include the following:

1. Approving the company's goals, strategies, and main business plans, reviewing them periodically, and providing guidance.
2. Approving the annual estimated budgets and approving interim and annual financial statements.
3. Supervising the company's major capital expenditures and the acquisition and disposal of assets.
4. Ensuring the company's compliance with policies and procedures that guarantee adherence to applicable internal systems and regulations.
5. Ensuring the accuracy and integrity of the data and information that must be disclosed, in accordance with the company's adopted disclosure and transparency policies and systems.
6. Establishing effective communication channels that enable the company's shareholders to be regularly and continuously informed of the company's various activities and any material developments.
7. Establishing a corporate governance system for the company, supervising it, monitoring its effectiveness, and modifying it when necessary.
8. Forming specialized committees emanating from the Board in accordance with approved charters that specify the committee's term, powers, responsibilities, and oversight mechanisms, as well as appointing members, defining their roles, rights, and duties, and evaluating the performance and work of the committees and their members.

9. Ensuring that the company’s adopted policies and regulations are characterized by transparency and clarity in a way that facilitates decision-making and achieves the principles of sound governance, and a proper segregation of powers and responsibilities between the Board of Directors and executive management through:
   - Approving and developing the company’s internal regulations and systems, including defining tasks, responsibilities, and duties across organizational levels.
   - Approving a policy for delegation and execution of responsibilities entrusted to executive management.
10. Defining the authorities delegated to executive management, the decision-making procedures, duration of delegation, and the matters that remain under the Board’s authority.
11. Monitoring and supervising the performance of executive management members and ensuring they fulfill all assigned tasks.
12. Determining employee compensation structures.
13. Establishing a policy to govern the relationship with stakeholders to safeguard their rights.
14. Monitoring the performance of each member of the Board and executive management based on key performance indicators (KPIs).
15. Establishing a mechanism to regulate related party transactions in order to minimize conflicts of interest.
16. Periodically ensuring the effectiveness and adequacy of internal control systems in place within the company and its subsidiaries, including:
   - verifying the soundness of financial and accounting systems, including those related to financial reporting.
   - ensuring the implementation of appropriate control systems for risk measurement and management by identifying the scope of potential risks and fostering a risk-awareness culture across the company, while communicating these transparently with stakeholders and related parties.
17. Preparing an annual report to be presented at the company’s annual general assembly, outlining the requirements and procedures for implementing corporate governance rules and the extent of compliance with them.
18. Developing a plan/policy to integrate sustainability factors into the company’s overall strategy, main business plans, and, when necessary, risk measurement and management processes.

Board of Directors’ achievements during 2024

1. Monitoring the progress of the company’s operations through regular meetings with Executive management and discussing the company’s performance through a set of periodic financial and operational reports.
2. Working on the development and achievement of the company’s strategic objectives.

Executive management

The company's activities are carried out by the executive management with the goal of achieving a balanced relationship between the company, its shareholders, employees, clients, and other stakeholders. Executive management ensures that the company operates within its intended purposes and allocates its resources appropriately to meet its objectives in line with the company's policies and strategies.

Executive management is accountable to the Board for the company's operations, activities, and practices. Its key duties and responsibilities generally include achieving the company's goals, overseeing daily operations, participating in strategic planning, and preparing budgets and financial reports, among others.

The Board of Directors is responsible for supervising the company's executive management, including the following responsibilities:

1. Appointing or dismissing any members of executive management, including the Chief Executive Officer or equivalent.
2. Establishing performance standards and conducting periodic evaluations of executive management members, and ensuring the presence of an effective succession strategy.
3. Ensuring that the qualifications and experience of executive management members are consistent with the nature of the company's activities and the risks it faces.
4. Overseeing executive management to ensure they are fulfilling their assigned roles in accordance with the company's objectives and policies as approved by the Board.
5. Monitoring the procedures undertaken by executive management to ensure alignment with the strategy and policies approved by the Board, and within the company's approved risk tolerance.
6. Holding periodic meetings with executive management as necessary to discuss various matters concerning the company.
7. Reviewing and discussing information and reports submitted by executive management.

Executive management's duties toward the Board of Directors

1. Implementing the company's strategic plan as approved by the Board, along with related internal policies and regulations, and ensuring their adequacy and effectiveness.
2. Providing recommendations on improving and developing the adopted strategy through well-studied plans.
3. Preparing accurate and comprehensive periodic reports on departmental performance regarding progress in the company's activities in light of the strategic plans and objectives, to be submitted to the Board.
4. Establishing a comprehensive accounting system that maintains books, records, and accounts which accurately reflect the financial data and income statements, thereby enabling the safeguarding of company assets and the preparation of financial statements in accordance with International Accounting Standards approved by the Capital Markets Authority.

5. Submitting periodic reports on the execution of delegated powers and monitoring the implementation of the powers and responsibilities granted in accordance with the approved authority matrix.
6. Developing, amending, and updating policies and procedures, discussing and approving them for optimal implementation.
7. Establishing internal control and risk management systems and ensuring their adequacy and effectiveness.
8. Managing all activities and human and financial resources effectively to maximize profits, reduce expenses, and achieve the company's strategic objectives.
9. Actively participating in building and fostering ethical values within the company.

Implementation of the requirement for the Board of Directors to form Independent Specialized Committees

As part of the Board's evolving role in supervision, strategic planning, governance, risk management, and internal control of the company, specialized committees have been formed under the Board to carry out its duties efficiently and effectively. These committees include:

Audit Committee

Date of formation:

The Audit Committee was formed on May 14, 2024, and its term continues until the re-election of a new Board of Directors in 2027. The Audit Committee aims to assist the Board in fulfilling its oversight responsibilities by supervising the internal audit management, monitoring the work of the external auditor, and ensuring the effective implementation of the company's various policies. The committee works to instill a culture of compliance within the company by ensuring the accuracy and integrity of the company's financial reports, as well as confirming the adequacy and effectiveness of the internal control systems implemented in the company.

The duties and responsibilities of the committee include the following:

1. Reviewing the periodic financial statements before they are presented to the Board of Directors, providing opinions, and making recommendations to the Board, ensuring the fairness and transparency of financial reports.
2. Recommending to the Board of Directors the appointment, reappointment, or dismissal of the external auditor, as well as determining their fees. The committee ensures the auditor's independence when making the recommendation and reviews the appointment letters.
3. Monitoring the work of the external auditor and ensuring that no services are provided to the company other than those required for the auditing profession.
4. Reviewing the external auditor's comments on the company's financial statements and following up on actions taken in response.
5. Reviewing the adopted accounting policies, providing opinions, and making recommendations to the Board on them.
6. Evaluating the adequacy of the internal control systems implemented within the company and preparing a report that includes the committee's opinions and recommendations in this regard.
7. Providing technical oversight of the company's internal audit activity to verify its effectiveness in executing tasks and duties specified by the Board of Directors.
8. Recommending to the Board the appointment, transfer, or dismissal of the internal audit head, evaluating their performance, or recommending outsourcing the internal audit work to an external party.
9. Evaluating the performance of the internal audit activity.
10. Reviewing and approving the proposed audit plans from the internal audit activity, the external auditor's work plans, and providing comments on them.
11. Reviewing the results of internal audit reports and ensuring that necessary corrective actions have been taken regarding the points raised in the reports.
12. Reviewing the results of regulatory reports and ensuring that necessary actions have been taken in response.

The committee is composed of the following members:

	Name of the member	Title	Member's role	Date of appointment
1	Mr. Fahad Hussam Al-Shamlan	Chairman of the Committee	Non-executive	14/05/2024
2	Mr. Bader Jassem Al-Hajeri	Member	Non-executive	14/05/2024
3	Mr. Saleh Mohammed Al-Tunaib	Member	Non-executive (Independent)	14/05/2024

The following table summarizes the committee meetings during the year 2024

#	Meeting Date	Meeting number	Number of attending members	Attendance rate
1	07/02/2024	Audit Committee Meeting No. (1)	3	%100
2	30/03/2024	Audit Committee Meeting No. (2)	3	%100
3	14/05/2024	Audit Committee Meeting No. (3)	3	%100
4	14/08/2024	Audit Committee Meeting No. (4)	3	%100
5	13/11/2024	Audit Committee Meeting No. (5)	3	%100
6	22/12/2024	Audit Committee Meeting No. (6)	3	%100

Mr. Mohammed Kamal AbdulAziz serves as the Secretary of the Committee.

The most significant achievements of the Committee during 2024 include:

1. Reviewing the interim and annual financial reports and recommending their approval to the Board of Directors.
2. Reviewing the report on the adequacy of internal systems within the company, issued by an independent audit firm, which assesses the sufficiency of the internal control systems in place within the company.
3. Preparing the Audit Committee's report on the adequacy of internal systems for 2024 within the company, in preparation for its presentation at the Annual General Assembly.
4. Reviewing the reports issued by internal audits during 2024.
5. Studying the independence of the external auditor.
6. Reviewing the results of regulatory authority reports issued in 2024.

During 2024, there was no conflict between the recommendations of the Audit Committee and the decisions made by the Board of Directors, nor between the recommendations of the specialized consulting entity responsible for the internal auditing work and the decisions of the Board of Directors.

Risk Management Committee

Date of formation

The Risk Management Committee was formed on May 14, 2024, and will continue to operate until a new Board of Directors is re-elected for 2027. The aim of the Risk Management Committee is to establish policies and regulations for risk management.

The committee's responsibilities include:

1. Preparing and reviewing risk management strategies and policies before they are approved by the Board, ensuring their implementation and ensuring they align with the nature and size of the company's activities.
2. Ensuring the availability of adequate resources and systems for risk management.
3. Evaluating systems and mechanisms for identifying, measuring, and monitoring various risks the company may face, identifying any shortcomings in them.
4. Assisting the Board in determining and evaluating the acceptable level of risk for the company, ensuring the company does not exceed the approved risk threshold.
5. Reviewing the organizational structure for risk management and making recommendations for its approval by the Board.
6. Ensuring the independence of risk management personnel from activities that expose the company to risks.
7. Ensuring that risk management personnel fully understand the risks surrounding the company and working to increase awareness among employees of risk culture and their understanding of it.
8. Preparing periodic reports on the nature of risks the company faces and submitting them to the Board.

9. Ensuring that the executive management establishes internal control systems and risk management within the company, verifying the effectiveness and sufficiency of these systems, and ensuring that the executive management adheres to the risk tolerance adopted by the Board.
10. Considering any matters referred to it by the Board related to the committee's work.

The committee consists of the following members:

	Name of the member	Title	Member's role	Date of appointment
1	Mr. Bader Jassem Al-Hajeri	Chairman of the Committee	Non-Executive	14/05/2024
2	Mr. Rami A. Habli	Member	Executive	14/05/2024
3	Mr. Fahad Hussam Al-Shamlan	Member	Non-Executive	14/05/2024

The following table provides a summary of the committee's meetings during the year 2024:

#	Meeting Date	Meeting number	Number of attending members	Attendance rate
1	05/02/2024	Risk Management Committee Meeting No. (1)	3	%100
2	28/03/2024	Risk Management Committee Meeting No. (2)	3	%100
3	12/06/2024	Risk Management Committee Meeting No. (3)	3	%100
4	04/07/2024	Risk Management Committee Meeting No. (4)	3	%100
5	09/10/2024	Risk Management Committee Meeting No. (5)	3	%100

Mr. Mohamed Kamal Abdel Aziz serves as the Secretary of the Committee.

The key achievements of the committee in 2024 were:

1. Reviewing the company's risk management plan.
2. Reviewing the risk management reports issued in 2024.

In 2024, there was no conflict between the recommendations of the Risk Management Committee and the decisions of the Board of Directors.

Nomination and Remuneration Committee

Date of Formation

On May 14, 2024, the Nomination and Remuneration Committee was formed, and its work continues until the re-election of a new Board of Directors for the year 2027. The committee aims to assist the Board of Directors in carrying out its supervisory responsibilities and duties to ensure the nomination of qualified individuals for membership in the Board and executive and administrative positions in the company.

The committee's responsibilities and duties include the following:

1. Recommending the acceptance of nominations and re-nominations for members of the Board and executive management.
2. Reviewing the Board's structure and submitting recommendations on any potential changes.
3. Conducting an annual review of the skills required for Board membership and striving to attract suitable members for the Board.
4. Developing job descriptions for executive members, non-executive members, and independent members.
5. Ensuring that the independence of an independent Board member is not compromised.
6. Attracting applications from those willing to fill executive positions as needed and reviewing and evaluating those applications.
7. Establishing a clear policy for the remuneration of Board members and executive management.
8. Defining the remuneration tiers to be granted to employees in the company, such as fixed bonuses, performance-based bonuses, stock-based bonuses, and end-of-service bonuses.
9. Preparing an annual detailed report on all the rewards granted to the Board members and executive management, whether in the form of amounts, benefits, or perks, regardless of their nature or title. This report is to be presented to the General Assembly for approval and read by the Chairman of the Board.
10. Assisting the Board in identifying strengths and weaknesses and proposing solutions in line with the company's best interests.
11. Reviewing any matters referred to it by the Board related to the committee's work.

The committee is composed of the following members:

No.	Name of the member	Title	Member's Role	Date of Appointment
1	Mr. Talal Bader Al-Bahar	Chairman of the Committee	Non-Executive	14/5/2024
2	Mr. Bader Jassem Al-Hajeri	Member	Non-Executive	14/5/2024
3	Mr. Saleh Mohammed Al-Tunaib	Member	Non-Executive	14/5/2024

The following table shows the details of the committee's meetings during the year 2024

#	Meeting Date	Meeting number	Number of attending members	Attendance rate
1	30/03/2024	Nominations and Remunerations Committee Meeting No. (1)	3	%100
2	24/04/2024	Nominations and Remunerations Committee Meeting No. (2)	3	%100

Mr. Mohamed Kamal Abdel Aziz serves as the Secretary of the Committee.

During 2024, there was no conflict between the recommendations of the Nomination and Remuneration Committee and the decisions of the Board of Directors.

Mechanism for implementing the requirements that allow Board Members to access information and data:

Board members are enabled through the Secretary to access the information and data as stipulated in the approved Board’s work regulations. The Secretary provides the data and information to the members with sufficient time for review before the meeting and discussion.

Rule Three

Selecting competent individuals for membership of the Board of Directors and executive management

Application of the requirements for forming the Nomination and Remuneration Committee

In compliance with the instructions of the Capital Markets Authority, the Nomination and Remuneration Committee has been formed to make recommendations regarding the appointment of Board members and re-election at the General Assembly. The committee is also responsible for conducting the annual self-assessment of Board members' performance. Additionally, the committee is tasked with coordinating the evaluation process of the remuneration of Board members and the executive management according to the company’s long-term strategic goals.

The Nomination and Remuneration Committee's work regulations specify all the conditions and requirements for forming the committee in accordance with the governance rules of the Capital Markets Authority, including membership criteria, duration of membership, and all other necessary requirements.

Report on remunerations granted to Board members, executive management, and directors

The company grants its employees annual bonuses upon achieving the company's set objectives. These bonuses are not mandatory but are subject to an annual review based on the company’s achievements and are approved by the Board of Directors. The annual bonus proposal is prepared by the Human Resources Department based on specified allocations and the evaluation of company employees. The performance of the CEO and other members of the executive management is evaluated by the Board of Directors, and the bonus amount is then determined and approved by the Board based on the recommendation of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee reviews the bonus proposal for Board members.
The Ordinary General Assembly, based on the proposal of the Board of Directors, may distribute profits to shareholders at the end of the fiscal year, provided the distribution is from actual profits according to generally accepted accounting principles, and that it does not affect the company's paid-up capital.

Summary of the Bonus and Incentive Policy Followed by the Company, Particularly Regarding Board Members, Executive management, and Directors:

The company has established a clear policy for granting bonuses to the Chairman and Board members, which includes compliance with the provisions of corporate law, attracting the best talents from employees, ensuring equality within the company, and maintaining transparency in awarding bonuses.

Article (25) of the Company’s Articles of Association stipulates:
"The total remuneration for the Chairman and members of the Board of Directors shall not exceed 10% of the net profit after deducting depreciation and reserves, and after distributing at least 5% of the capital to shareholders. Annual bonuses of up to six thousand dinars may be distributed to the Chairman and each member of the Board of Directors from the time the company fails to achieve profits until it achieves profits sufficient for distributing the bonuses. The Ordinary General Assembly may, by a resolution, exempt an independent Board member from the maximum bonus limit mentioned."

Board of Directors' remuneration:

The company adheres to the remuneration system for the Board of Directors as stipulated in Article 198 of the Companies Law No. 1 of 2016. The approval of the General Assembly is required for the remuneration of the Board members.

Executive management and Directors' bonuses and incentives:

The bonuses include salaries and benefits (including end-of-service gratuities), which are granted in accordance with the salary scale, applicable laws, regulations, and the Human Resources policies and procedures manual. The bonuses are also linked to the achievement of previously set objectives. This type of remuneration is designed to incentivize and reward executive management members. Bonuses are allocated based on the individual performance of each executive management member and the overall performance of the company.

Nomination Policy summary

Article (16) of the Company's Articles of Association:
The following conditions must be met by any person nominated for membership on the Board of Directors:

1. Must be legally competent.
2. Must not have been previously convicted of a felony involving a custodial sentence or of bankruptcy due to negligence or fraud, or any crime involving dishonor or breach of trust, or a custodial sentence due to violating the provisions of the Companies Law, unless legally rehabilitated.
3. Except for independent board members, the nominee must be a shareholder in the company.

If a board member loses any of the aforementioned conditions, their membership shall be deemed terminated from the date the condition is no longer met.

The following table outlines the details of the remunerations, benefits, and allowances granted to the members of the Board of Directors and the Executive management for the year 2024:

Bonuses and benefits for Board Members							
Remunerations and benefits through subsidiary companies					**Bonuses and benefits through the parent company**		**Total Number of Members**
Variable remunerations and benefits *(Kuwaiti Dinar)*		**Fixed remunerations and benefits** *(Kuwaiti Dinar)*			**Variable remunerations and benefits** *(Kuwaiti Dinar)*	**Fixed remunerations and benefits** *(Kuwaiti Dinar)*	
Committee Bonuses	**Annual Bonuses**	**Monthly Salaries** *(Total for the Year)*	Health Insurance	**Committee Bonuses**	Annual Bonuses	**Health Insurance**	
--	--	--	--	--	**25,000**	**2,075**	**5**

Total remunerations and benefits granted to the top five senior executives who received the highest bonuses, in addition to the CEO and the CFO (or their equivalents if they are not among them)														
Remunerations and Benefits Through Subsidiary Companies							**Remunerations and Benefits Through the Parent Company**							**Total Number of Executive Positions**
Variable Remunerations and Benefits *(Kuwaiti Dinar)*	**Fixed Remunerations and Benefits** *(Kuwaiti Dinar)*						**Variable Remunerations and Benefits** *(Kuwaiti Dinar)*	**Fixed Remunerations and Benefits (Kuwaiti Dinar)**						
Annual Bonuses	**Children's Education Allowance**	**Transportation Allowance**	**Housing Allowance**	**Annual Tickets**	**Health Insurance**	**Monthly Salaries** *(Total for the Year)*	**Annual Bonuses**	**Children's Education Allowance**	**Transportation Allowance**	**Housing Allowance**	**Annual Tickets**	**Health Insurance**	**Monthly Salaries (Total for the Year)**	
--	--	--	--	--	--	--	**34,813**	--	--	--	**10,800**	**4,160**	**125,415**	**5**

***Note: The total number of managers in the company is only (5).**

The company did not record any deviations from the approved policy regarding the granting of remunerations and benefits during the year.

Principle Four
Ensuring the Integrity of Financial Reports

Written undertaking by the Board of Directors and executive management regarding the accuracy and integrity of the prepared financial reports

In an effort by the company's Board of Directors to ensure the integrity of financial reports, the Executive management has provided a written declaration to the Board confirming that the financial reports have been presented fairly and accurately, and that they reflect all financial aspects of the company in accordance with the International Accounting Standards approved by the regulatory authority.

Additionally, the annual report submitted by the Board to the shareholders includes a declaration affirming the accuracy and integrity of the financial statements, thereby reinforcing accountability — both of the executive management to the Board and of the Board to the shareholders.

Application of the requirements for the formation of the audit committee

In compliance with the instructions issued by the Capital Markets Authority, the Audit Committee, a subcommittee of the Board of Directors, was formed to assist the Board in fulfilling its responsibilities related to supervising the quality and integrity of accounting practices, internal and external audits, internal controls, risk management frameworks, financial reporting, and the overall governance structure of the company.

It is worth noting that the role and responsibilities of the committee, along with all conditions related to its formation, have been clearly defined in the Audit Committee Charter approved by the Board.

In the event of any discrepancy between the recommendations of the Audit Committee and the decisions of the Board of Directors, a statement is included to clarify and explain the recommendations and the reason(s) behind the Board's decision not to adopt them.

Commitment to the Highest Standards of Transparency

The company has established a mechanism to address any discrepancies between the Audit Committee's recommendations and the decisions of the Board, especially in cases where the Board declines to follow the committee's recommendations concerning the appointment of external auditors and/or the internal auditor. The Board is required to provide justification in the event of any such conflict.

Emphasizing the independence and neutrality of the external auditor

In its keenness to limit potential conflicts of interest, the Audit Committee ensured the independence and impartiality of the external auditor, by setting the standards and criteria for evaluating their independence, in order to enable it to submit a recommendation to the Council regarding the appointment, reappointment, or replacement of the external auditor.

Principle Five

Establishing Sound Risk Management and Internal Control Systems

Implementing an independent risk management function

The Risk Management Department is responsible for identifying, measuring, monitoring, and mitigating risks, as well as preparing periodic risk reports. This function operates independently from other business units while maintaining access to all company activities to understand their nature or request specific data necessary for properly assessing and monitoring risks.

The company employs various approaches to address different types of risks it may face, including risk transfer, risk sharing, risk rejection, or acceptance of controllable risks. Mitigation plans are developed based on the company's objectives, expected returns, and cost-effective risk management practices.

Implenting the requirement to form a risk management committee

The Board of Directors has established a Risk Management Committee to ensure compliance with the Capital Markets Authority's requirements. For example, the Board ensured that the Chairman is not a member of this committee. The committee's roles, responsibilities, term limits, and operational procedures are clearly defined in the Board-approved Risk Management Committee Charter.

The purpose of the committee is to enhance the Board's oversight by managing all aspects of risk management, including supporting the Board in identifying and evaluating the company's acceptable risk level and ensuring that this level is not exceeded.

Internal Control Systems

The internal control system at the company is a comprehensive framework implemented by management and employees. It is designed to address risks, ensure the efficiency and effectiveness of all company operations, and confirm the accuracy and reliability of financial statements while ensuring compliance with applicable laws and regulations. This system also safeguards the company's assets from damage, loss, or misuse.

1) Organizational structure

The company's organizational structure clearly defines responsibilities, delegates authority, and outlines structural relationships without ambiguity. It reflects the company's strategy and investment structure. The Board is committed to selecting individuals with integrity, technical competence, and relevant experience in the company's area of operations.

Approval from the Board is required for the appointment of other executive management members who will operate under the supervision of the Chief Executive Officer. Adequate oversight of the executive management is ensured to verify their fulfillment of assigned roles in alignment with the company's goals and objectives, and to ensure the proper implementation of the policies approved by the Board.

2) Delegation of authority

The Board of Directors has delegated authority to the executive management to handle the company's daily operations. However, it has clearly defined the financial transactions that cannot be delegated and require the Board's approval. The executive management is accountable to the Board for managing and evaluating the company's performance and operates the company in accordance with the strategies, plans, and policies approved by the Board.

3) Advanced Information Systems

The company relies on a set of advanced systems that adhere to international standards and effectively contribute to internal control and the provision of accurate and transparent information.

4) Internal Control Procedures

Internal control procedures include administrative and accounting oversight and the company's internal control system, which is implemented periodically. Procedures have been established to enable employees to contact the Chairman of the Board to report concerns about potential violations. These procedures also ensure protection for whistleblowers, offering them sufficient reassurance that they will not face threats or penalties—even if the concerns are not ultimately substantiated.

5) Internal Control Documentation System

All documents related to the internal control system are preserved and categorized for use in employee training and for inspection and testing procedures aimed at ensuring the system's efficiency and effectiveness. Detailed job descriptions have been prepared for all positions within the company.

6) Availability of Qualified Staff

The company has sought to secure the best local talents to efficiently and effectively implement internal control procedures.

Implementing the requirements for establishing an independent Internal Audit Department/Office/Unit

The internal audit function reports structurally and directly to the company's Board of Directors. The internal audit activities have been outsourced to an external party, which is responsible for ensuring the effectiveness of internal control procedures that cover all of the company's operations. This includes verifying the protection of the company's tangible and intangible assets, the accuracy and correctness of financial reports in accordance with accounting standards, and compliance with applicable laws and regulations.

The internal audit function also assists the company in achieving its objectives by applying a system aimed at improving risk control elements, executing internal control procedures, and enhancing the company's governance framework. All internal audit reports are submitted to the Audit Committee formed by the Board.

Principle Six
Promoting Professional Conduct and Ethical Values

Code of conduct including standards and guidelines for professional behavior and ethical values

The principles and ethics outlined in the Code of Conduct are designed to guide the Board of Directors and executive management in making the right decisions—both as individuals and on behalf of the company. Adherence to the Code of Conduct is a responsibility shared by every employee within the company. Through these values and principles, the company seeks to make a positive impact in its industry and the communities in which it operates. This commitment also helps build an institution that all stakeholders can take pride in—one in which social responsibility is a defining characteristic.

Integrity

The company's Code of Conduct requires integrity, honesty, and fairness to be applied consistently in all daily interactions by the company, its suppliers, business partners, and other stakeholders. The company acknowledges the importance of continually updating its Code of Conduct to reflect changes in the legal and regulatory environment. Accordingly, it has implemented a continuous review and update policy to ensure compliance with the highest standards of honesty, fairness, transparency, and integrity.

Confidentiality

Members of the Board of Directors, executive management, and all employees are required to maintain the confidentiality of information entrusted to them, except in cases authorized by the company's executive management or mandated by regulatory authorities. Confidential information includes all non-public data that could be valuable to competitors or harmful to the company or its clients if disclosed. It also includes information entrusted to the company by its suppliers and customers. The obligation to maintain confidentiality continues even after the employee's departure from the company.

Compliance with laws and regulatory rules

All members of the Board of Directors, executive management, employees, and others are required to comply with all laws and regulatory rules applicable to their roles within the company, including transparency and the disclosure of material information.

Whistleblowing Policy

The whistleblowing policy fosters a work environment characterized by cooperation and transparency for all employees. It allows company employees to raise their concerns regarding any violations, misconduct, or inappropriate behavior directly to the Board of Directors. These procedures are conducted within a framework that ensures employee protection, proper investigation, and oversight.

Policies and mechanisms to mitigate conflicts of interest

Conflicts of Interest

The company is committed to managing potential conflicts of interest that may arise. It is dedicated to fulfilling its obligations by maintaining effective organizational and administrative arrangements. The current policies ensure that adequate procedures and measures are in place to identify and manage any conflicts of interest. These policies also ensure that the Board properly addresses both actual and potential conflicts and that all decisions are made in the best interest of the company.

The Board takes all reasonable actions to identify, prevent, or manage conflicts of interest that could harm the company. In situations where minority shareholders influence the appointment of board members, those members are required to perform their duties toward the company, regardless of the appointing party. Board members must always act in the company's interest, not in favor of any particular group or party. This requires setting aside personal interests and fulfilling their duties in a manner that reinforces stakeholder confidence in the Board's integrity, objectivity, and impartiality. No member may directly or indirectly receive any profit from their position, except for reasonable expenses incurred while performing their duties.

A Board member must immediately disclose to the Chairman of the Audit Committee and/or the Chairman of the Board any situation that involves, or could reasonably be expected to involve, a conflict of interest.

The company also expects its employees to avoid any personal activities or financial and non-financial interests that may conflict with their professional responsibilities. Any employee engaged in external business interests must disclose these activities in writing. Employees must obtain approval from the Human Resources Department before providing services to another employer.

Related Party Transactions

The Related Party Transactions Policy outlines the guiding principles for conducting and managing transactions with related parties, whether those involve the company and its Board members, executive management, or employees.

Principle Seven

Accurate and Timely Disclosure and Transparency

Implementing mechanisms for accurate and transparent disclosure that define the scope, areas, and characteristics of disclosure

The company adheres to disclosure and transparency policies and procedures and adopts a disclosure matrix that covers all data required to be disclosed to the Capital Markets Authority and other relevant stakeholders. The company's website provides a clear and accessible platform for all stakeholders, shareholders, and the public to obtain complete and accurate disclosed information.

Implementing the requirements for the disclosure register of Board Members and executive management

The company, through the Board Secretary, maintains a register that organizes the disclosures of the Board of Directors and executive management. This register is updated on a regular basis.

Implementing the requirements for establishing an Investor Relations Unit

Maintaining ongoing communication with shareholders and the financial community is a strategic priority for the company. There is always regular dialogue between the company's executive officers and shareholders. During the year, the company implemented several measures to ensure the rights of shareholders to obtain information through continuous disclosure in accordance with the Capital Markets Authority regulations. These disclosures are made through designated channels and include announcements of interim and annual financial results, Board recommendations, and any significant developments related to the company's operations.

How the company has developed its IT infrastructure and relies heavily on it for disclosure processes

The company continually seeks to enhance the effectiveness of communication with shareholders, stakeholders, and the financial community in general. It is committed to disseminating accurate information regarding the company and its business developments, based on the belief in the importance of regular and accurate disclosure that contributes to a fair understanding and evaluation of the company.

The company's management provides continuous support to shareholders by employing qualified personnel in the Investor Relations Department to respond to inquiries related to the company's developments and to manage shareholder accounts and records via phone, mail, fax, or email. The company has also upgraded its website and improved its IT infrastructure to rely heavily on it for all forms of disclosure.

Principle Eight

Respecting Shareholders' Rights

Implementing the requirements for defining and protecting the general rights of shareholders to ensure fairness and equality among all shareholders

Ensuring shareholders' rights is one of the key requirements set forth in Book Fifteen (Corporate Governance) of the Executive Regulations and the Companies Law. In line with the company's commitment to uphold the highest standards of transparency and equality in all current and potential shareholder dealings, the company has developed a policy that ensures the identification and protection of shareholders' rights. This policy is in accordance with the company's Articles of Association, internal regulations, policies, and the necessary procedures and controls to guarantee that all shareholders can exercise their rights fairly and equally, without violating applicable laws, regulations, or issued directives. The company is also committed to treating all shareholders who hold the same class of shares equally and without discrimination.

Establishing a special register maintained with the clearing agency as part of ongoing shareholder data monitoring

The company is committed to continuously monitoring all shareholder-related data. Accordingly, it has established and maintains a dedicated register with the Clearing Agency, which records the names, nationalities, domiciles, and number of shares owned by each shareholder. Any updates or changes to this information are reflected in the register based on data received from either the company or the Clearing Agency. Any concerned party has the right to request information from this register from the company or the Clearing Agency.

How the company encourages shareholders to participate and vote in general assembly meetings

To facilitate and clarify the role of shareholders in General Assembly meetings, the company has developed a clear mechanism for voting and participation. This mechanism affirms that shareholders have the right to vote on all decisions during these meetings, a fundamental right granted to all shareholders regardless of their shareholding level. This is outlined in the Articles of Association, Memorandum of Incorporation, and the company's Shareholder Rights Policy. The company organizes General Assembly meetings in a way that ensures effective participation and allows shareholders to discuss the items on the agenda. Additionally, the company enables shareholders to access all information recorded in the disclosure register of Board members and executive management.

The company invites all shareholders to attend General Assembly meetings and participate in decision-making through all available announcement channels, including the Kuwait Stock Exchange website, the company's official website, and daily newspapers.

Principle Nine
Recognizing the Role of Stakeholders

Systems and policies that ensure the protection and recognition of stakeholders' rights

In alignment with the company's commitment to recognizing and protecting the rights of stakeholders, the company has developed a Stakeholder Protection Policy. This policy is designed to ensure that stakeholders' rights are respected and safeguarded in accordance with laws and regulations issued by the relevant regulatory authorities.

The aim of the Stakeholder Protection Policy is to ensure stakeholders' rights are upheld as stipulated in applicable laws and regulations, and that these rights are actively protected by the company. The company also works to ensure the protection of all stakeholders and to provide job stability and sustainability through strong financial performance. The policy identifies the parties considered stakeholders and outlines guiding principles for protecting their rights.

How the company encourages stakeholders to participate in monitoring various company activities

1. Shareholders:
   A policy has been established to protect shareholder rights, as outlined in the law and relevant regulations, and as an integral part of the company's governance framework. In addition, the company maintains effective communication with shareholders to understand their perspectives on various company-related matters.
2. Regulatory Authorities:
   The company is committed to complying with the laws, executive regulations, and instructions issued by the Capital Markets Authority, the Ministry of Commerce and Industry, and any other relevant regulatory bodies. The company continuously works to maintain strong relationships with all regulatory authorities, ensuring full cooperation during inspections and audits. It provides the requested documents, records, and tools, as well as any data, information, and statistics required by the Capital Markets Authority and other regulators.
3. Customers:
   The company is dedicated to providing high-quality services to its customers. It consistently follows up on customer feedback and complaints while improving communication channels through modern solutions to ensure customers have easy and timely access to support. The company also embraces transparency and engagement by consulting customers on new products or projects before launch. These opinions and suggestions are collected, analyzed, and compiled into reports presented to decision-makers to better serve customer interests.
4. Employees:
   The company is committed to hiring national talent and enhancing the skills of all employees. The company focuses on providing career development opportunities, offering the necessary training programs, and directing its recruitment efforts toward hiring and developing top-tier national employees.

Principle Ten
Enhancing and Improving Performance

In the company’s efforts to enhance the skills of board members and executive management, the company has contracted with multiple local consultancy firms to provide technical support to both the Board of Directors and executive management in areas related to corporate governance, internal control, human resources management, legal affairs, and more. This is to ensure they maintain an appropriate understanding of best practices in the company’s field and operations.

Implementing mechanisms that enable ongoing access to training programs for Board members and executive management
in 2024, members of the Board of Directors and executive management attended a workshop titled “corporate governance / disclosure and transparency.”

How the company assesses the performance of the board as a whole, each board member, and executive management
The company has developed systems and mechanisms to periodically evaluate the performance of each Board member and member of Executive management. This is done through a set of performance indicators tied to the achievement of strategic objectives and the adequacy of internal control systems. During the year, a self-assessment process was conducted for Board members, the Board as a whole, and its committees. The outcomes of this self-evaluation included a plan to improve the Board's performance and identify areas for development and training needed for members during the year 2024.

The Board of Directors’ efforts to promote institutional value creation among employees by achieving strategic goals and enhancing performance levels
In pursuit of value creation within the company over the short, medium, and long term, the Board of Directors adopted a Code of Conduct that affirms the existence of mechanisms for adopting such practices and committing to the highest professional standards and corporate values. The Board has also worked to link employee adherence to corporate values with performance evaluation results to ensure the achievement of the company’s strategic objectives.

Principle Eleven

Focusing on the importance of social responsibility

The company's interest in social responsibility has increased during the previous period, as social responsibility has become one of the company’s core performance standards. The company believes that social responsibility is no longer merely a voluntary act to assist society, but has become a fundamental element for the company’s long-term success through various activities (charitable, cultural, scientific, health, environmental, and social) based on the principle of commitment.

Establishing a policy to ensure a balance between company goals and societal goals

Out of the company's keenness on its responsibility towards society and its employees, the company has adopted a policy that ensures achieving both its own goals and those of society. The company is committed to aligning its values and business strategy with social and economic needs, while providing the necessary support to society to achieve both business and social benefits in the long term and ensure the continuity of the company’s operations in a way that minimizes harmful impacts on society and the environment. The company has established the pillars of an effective social responsibility framework, including: responsibilities towards society, environmental responsibilities, responsibilities towards various segments of society, stakeholder engagement, and employee development.

The company also works to raise employee awareness of social responsibility by ensuring that employees are informed and aware of the importance of social responsibility programs and by providing mechanisms that ensure employees are continuously familiar with the goals of the social responsibility initiatives implemented by the company, thereby contributing to enhancing the company's performance level.

Programs and mechanisms used to highlight the company’s efforts in the field of social work

1. Shared responsibility.
2. Continuous development.
3. Employee care.
4. Security and safety.

Executive management acknowledgment and commitment regarding the financial reports

The Executive management of Al Deera Holding Company (K.S.C.P.) acknowledges its responsibility to the Board of Directors for presenting the company's annual financial statements and reports, which include the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements as of 31 December 2024. These have been prepared in accordance with International Financial Reporting Standards (IFRS), and the company maintains accounting records and documents properly. The Executive management is also responsible for ensuring the existence of an effective internal control system in the company and shall bear full responsibility if it is proven that the financial statements and reports do not accurately reflect the true financial position, performance, and cash flows of the company.

The Executive management further acknowledges that all data, records, documents, and information necessary for auditing the company’s financial statements have been made available to the external auditor, and that they have been granted access to all documents and information deemed necessary to perform their duties. The company’s financial statements fairly and clearly reflect its actual financial position, performance, and cash flows.

The Chief Executive Officer and the Assistant Manager – Finance Department also confirm the accuracy, correctness, and completeness of the information and data contained in the company's financial statements and reports, along with their attachments, affirming that they are fairly and properly presented and prepared in accordance with International Financial Reporting Standards (IFRS).

Rami A. Habli	**:**	**Chief Exactive Officer**
Signature	**:**	
Mohammed Kamal AbdulAziz	**:**	**Assistant Manager – Finance Department**
Signature	**:**	

Kuwait 31 March 2025 **Official company Stamp**

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Al Deera Holding Co.

BoaBoard of Directors acknowledgment and commitment regarding the Financial Reports

The Board of Directors of Al Deera Holding Company (K.P.S.C.) acknowledges its responsibility for the accuracy and integrity of all the company's annual financial statements and reports, which include the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements as of 31 December 2024, and confirms that they have been prepared in accordance with International Financial Reporting Standards (IFRS), that the company maintains proper accounting records and documents, and that it is responsible for ensuring the existence of an effective internal control system within the company.

The Board also assumes full responsibility in the event that it is proven that the company's financial statements and reports do not accurately reflect its actual financial position, performance, or cash flows.

The Board further confirms that all data, records, documents, and information necessary for the audit of the company's financial statements have been made available to the external auditor, that the auditors were granted full access to all documents and information they deemed necessary to perform their duties, and that the company's financial statements accurately and clearly reflect its true financial position, performance, and cash flows.

The Chairman and members of the Board of Directors also confirm the accuracy, correctness, and completeness of the information and data contained in the company's financial statements and reports, and their attachments, affirming that they are fairly and properly presented and prepared in accordance with International Financial Reporting Standards (IFRS).

Members of the Board of Directors of Al Deera Holding Company:

Name	Title	Membership	Signature
1- Talal Bader Al-Bahar	Chairman of the Board of Directors	Non Executive	
2- Bader Jassem Al-Hajeri	Vice Chairman of Board of Directors	Non Executive	
3- Rami A. Habli	Chief Executive Officer and Board	Executive	
4- Saleh Mohammed Al-Tunaib	Board Member	Independant	
5- Fahad Hussam Al-Shamlan	Board Member	Non Executive	

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Al Deera Holding Co.

Audit Committee's Annual Report for the year ended 31 December 2024

Introduction

In compliance with the instructions of the Capital Markets Authority ("the Authority") in the State of Kuwait, Al Deera Holding Company ("the Company") has formed an Audit Committee ("the Committee") derived from the Company's Board of Directors ("the Board"). The Committee's Charter was approved by the Board and outlines the criteria for member selection, term duration, duties, responsibilities, powers, and rules of procedure. The Committee operates with full independence from the Company's executive management.

Based on the provisions of Book Fifteen (Corporate Governance) of the Executive Bylaws issued by the Capital Markets Authority in the State of Kuwait (Article 9-9, Clause 4), which stipulates that the agenda of the General Assembly meeting must include the reading of the Audit Committee's report, this report has been prepared for that purpose.

The Company has established an internal audit function that operates with technical independence through its direct reporting to the Audit Committee. Internal audit activities have been outsourced to a specialized consulting firm to assist with internal auditing across the Company.
All Committee members possess academic qualifications and/or practical experience in accounting and finance.
The Committee's Secretary is responsible for preparing the minutes of all committee meetings, clearly indicating the location, date, start time, and end time. Meeting minutes are sequentially numbered by year and are organized and stored in a manner that ensures easy access. To ensure all required information and data are made available accurately and in a timely manner to Committee members and/or the Board, the Committee Secretary provides all updated information and documents as needed.

Committee's opinion on the internal control systems applied within the company

The Committee believes that the Company has adequate and satisfactory internal control and oversight systems that cover all company activities. These systems help maintain the Company's financial soundness, ensure data accuracy, and enhance operational efficiency across various areas. The organizational structure of the company ensures the following:

1. Clear definition of powers and responsibilities
2. Dual review and control, including dual sign-off for financial and accounting transactions, in alignment with the authority matrix approved by the Board
3. The principle of segregation of incompatible duties across all Company processes, both manual and automated systems. The main objectives of this principle are:
   a. Reducing the chance of concealing any executed operation
   b. Reducing the ability of any one individual to control all phases of a transaction
   c. Minimizing conflicts of interest
   d. Reducing the risk of fraud

The Committee affirms that the Company relies on a set of advanced information systems that effectively support internal control and provide accurate and transparent data. The Company applies an authority matrix that defines access and interaction levels with information systems. Additionally, limits of authority have been set by the Board and Executive management to reflect the delegation of decision-making powers and identify those authorized to sign on behalf of the Company.

The Company ensures that the authority granted to employees aligns with their responsibilities, maintaining an acceptable level of delegation and task segregation. Employee roles and responsibilities are subject to review based on business needs and any changes in the Company's organizational structure.

Internal control procedures include operational, administrative, and accounting controls and are applied continuously. Senior management holds periodic meetings to discuss the Company's activities and performance. All decisions are communicated to relevant departments.

All documents related to the internal control system are preserved and organized for employee training and auditing/testing procedures to ensure the efficiency and effectiveness of the system. Departments maintain their records securely and limit access strictly to authorized and designated individuals based on management instructions.

Achievements of the Committee

The Committee worked to instill a culture of compliance within the Company by ensuring the integrity and soundness of the Company's financial reports, as well as the adequacy and effectiveness of the internal control systems applied.

The most notable achievements of the Committee during the year 2024 were as follows:

1. Reviewing the Company's interim and annual consolidated financial statements and recommending their approval to the Board of Directors.
2. Meeting with the independent external auditor to discuss financial statements and reports, and confirming that no interventions or obstacles were encountered during the audit of the Company's interim and annual consolidated financial statements by executive management or the Board of Directors.
3. Monitoring the performance of the independent external auditor, evaluating their independence, and submitting a recommendation to the Board of Directors for reappointment.
4. Reviewing and discussing the Internal Control Review (ICR) report issued by an independent audit firm and following up on the resolution of the observations and the implementation of recommendations from previous reports.
5. Preparing the Audit Committee's annual report on the adequacy of internal control systems applied within the Company, which includes the Committee's opinion and recommendations. This report was presented to the Board of Directors.
6. Preparing the Audit Committee report for presentation at the General Assembly.
7. Approving the annual internal audit plan.

8. Meeting with the internal auditor to review and discuss internal audit reports (including the internal control system assessment report), and following up on the resolution of observations and the implementation of recommendations stated in those reports.

The Committee informed the Board of Directors of its activities, findings, and decisions with full transparency. The Board regularly follows up on the Committee's work to ensure it is fulfilling its assigned responsibilities. The Committee remains accountable to the Board of Directors for its performance.

The Company's Executive management has provided the Committee with all the necessary information and data in a complete, accurate, and timely manner, enabling all Committee members to properly carry out their duties and responsibilities efficiently and effectively.

In adherence to the highest standards of transparency, the Company has established a mechanism to address situations where there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors—particularly when the Board declines to follow the Committee's recommendations concerning the external auditor and/or internal auditor. In such cases, the Board must include a statement in its corporate governance report clearly outlining those recommendations and the reasons behind its decision not to adopt them.

During the year 2024, there were no conflicts between the recommendations of the Audit Committee and the decisions of the Board of Directors.

Fahad Hussam Al-Shamlan

Chairman of the Audit Committee

Consolidated financial statements and independent auditor's report

Al-Deera Holding Company K.S.C

and its subsidiaries

Kuwait

December 31, 2024

Email: gt@gtkuwait.com
www.grantthornton.com.kw

Independent Auditor's Report

To the Shareholders of
Al-Deera Holding Company – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Deera Holding Company – KPSC ("the Parent Company") and subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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. We have determined the matter described below as the key audit matter.

Independent Auditor's Report to the Shareholders of Al-Deera Holding Company – KPSC (continued)

<u>Investment in associate</u>

The investment in associate represents a significant part of the Group's total assets which is accounted for under the equity method of accounting considering any impairment in case of any indication thereto. The investment in associate is significant to our audit due to the Group's share of net assets in the associate and the carrying value of the associate. Accordingly, we considered this as a key audit matter.

Our audit procedures included, among others, assessment of the financial position and performance of the associate and evaluation of management's considerations of the impairment indicators of investment in associate and using such considerations, we assessed whether any significant or prolonged decline in value exists, or any significant adverse changes in the market or legal environment in which the investee operates. We also assessed the Group's disclosures relating to associate which are included in note 10 to the consolidated financial statements.

Other information included in the Group's Annual Report for the year ended 31 December 2024

Management is responsible for the other information. The other information comprises Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Group's Annual Report which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement hen it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- 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.

Independent Auditor’s Report to the Shareholders of Al-Deera Holding Company – KPSC (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the 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 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, the Executive Regulations, 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 or financial position of the Parent Company.

Independent Auditor’s Report to the Shareholders of Al-Deera Holding Company – KPSC (continued)

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority (“CMA”) and its related regulations during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

Hend Abdullah Al Surayea
(Licence No. 141-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners
Kuwait

27 March 2025

Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
REVENUE			
Change in fair value of investments at fair value through profit or loss		**1,990,857**	1,221,266
Gain on sale of investments at fair value through profit or loss		**200,828**	117,447
Share of results of associate	10	**2,354,858**	1,264,065
Gain on sale of associate's shares		**6,643**	100,686
Dividend income		**93,280**	42,236
Other income		**165,831**	39,064
		4,812,297	2,784,764
EXPENSES AND OTHER CHARGES			
Staff costs		**(197,618)**	(157,868)
General, administrative and other expenses		**(284,232)**	(222,518)
Finance costs	7	**(479,584)**	(387,144)
Provision for doubtful debts	12	**(254,200)**	-
		(1,215,634)	(767,530)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		**3,596,663**	2,017,234
Provision for KFAS		**(8,658)**	(5,816)
Provision for NLST		**(126,803)**	(27,033)
Provision for Zakat		**(50,416)**	(10,508)
Profit for the year		**3,410,786**	1,973,877
Attributable to:			
Shareholders of the Parent Company		**3,392,664**	1,976,541
Non-controlling interests		**18,122**	(2,664)
		3,410,786	1,973,877
Basic and diluted earnings per share attributable to the shareholders of the Parent Company	9	**32.86 Fils**	19.14 Fils

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec 2023 KD
Profit for the year	**3,410,786**	1,973,877
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Share of other comprehensive loss of associate (note 10)	**(261,324)**	(903,080)
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
Net change in fair value of investments at fair value through other comprehensive income	**2,229,936**	4,348,039
Share of other comprehensive income of associate (note 10)	**4,401,786**	2,998,088
	6,631,722	7,346,127
Total other comprehensive income for the year	**6,370,398**	6,443,047
Total comprehensive income for the year	**9,781,184**	8,416,924
Attributable to:		
Shareholders of the Parent Company	**9,744,237**	8,394,394
Non-controlling interests	**36,947**	22,530
	9,781,184	8,416,924

Consolidated statement of financial position

	Notes	31 Dec. 2024 KD	31 Dec. 2023 KD
ASSETS			
Non-current assets			
Property, plant and equipment		**12**	12
Investment in associate	10	**28,780,638**	21,309,033
Investments at fair value through other comprehensive income	11	**3,677,275**	9,525,287
		32,457,925	30,834,332
Current assets			
Receivables and other assets	12	**1,110,231**	1,280,513
Investments at fair value through profit or loss	13	**7,085,084**	3,862,488
Cash and cash equivalents		**266,507**	427,122
		8,461,822	5,570,123
Total assets		**40,919,747**	36,404,455
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**10,324,188**	9,177,056
Statutory reserve	15	**532,137**	174,283
Voluntary reserve	15	**532,137**	174,283
Other components of equity	16	**9,473,020**	9,850,520
Retained earnings		**11,188,171**	1,681,832
Total equity attributable to the shareholders of the Parent Company		**32,049,653**	21,057,974
Non-controlling interests		**356,033**	319,086
Total equity		**32,405,686**	21,377,060
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		**219,063**	197,927
Term loans from related parties	17	**1,721,514**	7,476,948
Wakala payable – non-current portion	18	**4,589,375**	3,792,500
		6,529,952	11,467,375
Current liabilities			
Wakala payable – current portion	18	**339,375**	307,500
Payables and other liabilities	19	**1,644,734**	3,252,520
		1,984,109	3,560,020
Total liabilities		**8,514,061**	15,027,395
Total equity and liabilities		**40,919,747**	36,404,455

Talal Bader Al-Bahar
Chairman

Consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests	Total
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Other components of equity (note 16) KD	Retained earnings KD	Sub – total KD	KD	KD
Balance at 31 December 2023	**9,177,056**	**174,283**	**174,283**	**9,850,520**	**1,681,832**	**21,057,974**	**319,086**	**21,377,060**
Bonus shares distribution (note 20)	**1,147,132**	**-**	**-**	**-**	**(1,147,132)**	**-**	**-**	**-**
Profit for the year	**-**	**-**	**-**	**-**	**3,392,664**	**3,392,664**	**18,122**	**3,410,786**
Other comprehensive income	**-**	**-**	**-**	**6,351,573**	**-**	**6,351,573**	**18,825**	**6,370,398**
Total comprehensive income for the year	**-**	**-**	**-**	**6,351,573**	**3,392,664**	**9,744,237**	**36,947**	**9,781,184**
Transfer to reserves	**-**	**357,854**	**357,854**	**-**	**(715,708)**	**-**	**-**	**-**
Gain on disposal of investments at FVTOCI	**-**	**-**	**-**	**(6,729,073)**	**6,729,073**	**-**	**-**	**-**
Net effect of change in ownership in associate on movement of treasury shares	**-**	**-**	**-**	**-**	**1,247,442**	**1,247,442**	**-**	**1,247,442**
Balance at 31 December 2024	**10,324,188**	**532,137**	**532,137**	**9,473,020**	**11,188,171**	**32,049,653**	**356,033**	**32,405,686**

Consolidated statement of changes in equity (continued)

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests	Total
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Other components of equity (note 16) KD	(Accumulated losses)/ retained earnings KD	Sub – total KD	KD	KD
Balance at 31 December 2022	9,177,056	-	-	3,845,178	(277,072)	12,745,162	296,556	13,041,718
Profit/(loss) for the year	-	-	-	-	1,976,541	1,976,541	(2,664)	1,973,877
Other comprehensive income	-	-	-	6,417,853	-	6,417,853	25,194	6,443,047
Total comprehensive income for the year	-	-	-	6,417,853	1,976,541	8,394,394	22,530	8,416,924
Transfer to reserves	-	174,283	174,283	-	(348,566)	-	-	-
Gain on disposal of investments at FVTOCI	-	-	-	(412,511)	412,511	-	-	-
Net effect of change in ownership in associate on movement of treasury shares	-	-	-	-	(81,582)	(81,582)	-	(81,582)
Balance at 31 December 2023	9,177,056	174,283	174,283	9,850,520	1,681,832	21,057,974	319,086	21,377,060

Consolidated statement of cash flows

	Notes	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
OPERATING ACTIVITIES			
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		**3,596,663**	2,017,234
Adjustments for:			
Share of results of associate	10	**(2,354,858)**	(1,264,065)
Gain on disposal of shares of associate		**(6,643)**	(100,686)
Write-off of an associate		**-**	1,000
Dividend income		**(93,280)**	(42,236)
Provision for doubtful debts	12	**254,200**	-
Finance costs		**479,584**	387,144
Provision charge for employees' end of service benefits		**16,695**	6,229
		1,892,361	1,004,620
Changes in operating assets and liabilities:			
Investments at FVTPL		**(3,222,596)**	(3,753,628)
Receivables and other assets		**(79,477)**	(924,327)
Payables and other liabilities		**(165,714)**	(92,859)
KFAS paid		**(5,816)**	-
NLST and Zakat paid		**(85,130)**	(766,169)
Net cash used in operating activities		**(1,666,372)**	(4,532,363)
INVESTING ACTIVITIES			
Addition to investment in associate		**(39,641)**	(1,522,315)
Proceeds from sale of associate's shares		**39,808**	3,478,092
Dividend received from associate	10	**277,633**	604,883
Proceeds from sale of investments at FVTOCI		**2,965,877**	855,126
Purchase of investments at FVTOCI		**(2,122,090)**	(2,596,856)
Dividend received		**93,280**	44,663
Finance costs paid		**(332,161)**	(90,252)
Net cash from investing activities		**882,706**	773,341
FINANCING ACTIVITIES			
Repayment of term loans from related parties		**(205,699)**	-
Receipt of wakala payable		**900,000**	4,100,000
Repayment of wakala payable		**(71,250)**	-
Net cash from financing activities		**623,051**	4,100,000
Net (decrease)/increase in cash and cash equivalents		**(160,615)**	340,978
Cash and cash equivalents at beginning of the year		**427,122**	86,144
Cash and cash equivalents at end of the year		**266,507**	427,122
Material non-cash transactions			
Settlement of term loans from related parties	17	**(5,549,735)**	-
Settlement of balances due to related parties	19	**(1,684,426)**	-
Cost of investments at FVTOCI transferred on settlements	11	**2,173,634**	-
Gain recognised directly to retained earnings within equity	11	**5,060,527**	-

Notes to the consolidated financial statements

1 Incorporation and activities

Al-Deera Holding Company ("the Parent Company") was established on 18 February 1998 as a Kuwaiti limited liability company. On 8 September 2005, the legal status of the Parent Company was changed from a limited liability company to a Kuwaiti public shareholding company. The Parent Company's shares are listed on Boursa Kuwait. The address of the Parent Company's registered offices is PO. Box 4839, Safat 13049 – Kuwait.

The Group comprises the Parent Company and its subsidiaries (note 6).

The Parent Company is a subsidiary of Kuwait Holding Company – KSCC ("Intermediate Parent Company) which is a subsidiary of Med Al-Bahar Holding - WLL ("Ultimate Parent Company).

The Parent Company's objectives are as follows:

- Management of the Parent Company's subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities.
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.

The Parent Company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The Parent Company is authorised to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

These consolidated financial statements for the year ended 31 December 2024 were authorised for issue by the Board of Directors of the Parent Company on 27 March 2025 and are subject to the approval of the general assembly of the shareholders. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Statement of compliance

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

3 Changes in accounting policies

3.1 New and amended IFRS Accounting Standards adopted by the Group

The following amendments to existing IFRS Accounting Standards were effective for the current year.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Amendments – Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments – Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IFRS 16 Amendments – Lease liability in a sale and leaseback	1 January 2024

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

IAS 1 Amendments – Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities as either current or non-current depends only on the covenants that an entity is required to comply with on or before the reporting date. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IAS 1 Amendments – Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements

The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity is required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IFRS 16 Amendments – Lease liability in a sale and leaseback

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

IFRS 16 Amendments – Lease liability in a sale and leaseback (continued)
The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

3.2 Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments – Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

IAS 21 Amendments – Lack of exchangeability
The amendments to IAS 21 addresses determination of exchange rate when there is long term lack of exchangeability. The amendments:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments – Amendments
The amendments to IFRS 7 and IFRS 9 addresses three changes:

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.

- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and

- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The major new requirements in IFRS 18 include

- Presentation of specific categories and sub totals in the statement of profit or loss
- Disclosures of management-defined performance measures (MPM)
- Improvement of aggregation and disaggregation

Management anticipates that the adoption of the new standard in the future may have an impact on the Group's consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply is IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

Management does not anticipate adoption of the new standard for its consolidated financial statements of the Group.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information

The material accounting policies adopted in the preparation of the consolidated financial statements are set out below.

4.1 Basis of preparation

The consolidated financial statements of the Group have been prepared under the historical cost convention except for investments at fair value through profit or loss and investments at fair value through other comprehensive income which are measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The Group has elected to present the "consolidated statement of comprehensive income" in two statements: the "consolidated statement of profit or loss" and the "consolidated statement of profit or loss and other comprehensive income".

The Group attributes total comprehensive income or loss of subsidiaries between the Parent Company and the non-controlling interests based on their respective ownership interests.

4.2 Basis of consolidation

The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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

4 Material accounting policy information (continued)

4.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

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.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the consolidated statement of profit or loss immediately.

4.4 Investment in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in associate is accounted for under the equity method of accounting, i.e. on the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment and the consolidated statement of profit or loss reflects the Group's share of the results of operations of associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Parent Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.4 Investment in associate (continued)

Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's equity. Changes in the Group's share in associate's equity are recognised immediately in the consolidated statement of changes in equity.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment in associate is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The associate's financial statements are prepared either to the Parent Company's reporting date or to a date not earlier than three months of the Parent Company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associate and the Parent Company's reporting date.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

However, when the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

4.5 Segment reporting

The Group operates in one sector which is "investments". In identifying the operating segments, management generally follows the Group's service lines representing its main products and services. Each of the operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.
For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.6 Interest and similar income

Interest and similar income are reported on an accrual basis using the effective interest rate method.

4.7 Dividend income

Dividend income, other than those from investment in an associate, are recognised at the time the right to receive payment is established.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.8 Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their origin.

4.9 Finance costs

Finance costs are recognised on a time proportion basis taking into account the outstanding balance of borrowing payable and applicable interest rate.

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalisation of finance costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognised as an expense in the period in which they are incurred.

4.10 Taxation

4.10.1 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group attributable to the shareholders of the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from an associate and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

4.10.2 National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolution No. 24 of 2006 at 2.5% of taxable profit of the Group attributable to the shareholders of the Parent Company for the year. As per law, income from an associate and subsidiaries and cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

4.10.3 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group attributable to the shareholders of the Parent Company in accordance with the Law No. 46 of 2006.

Under the NLST and Zakat regulations no carry forward of losses to the future years nor any carry back to prior years is permitted.

4.11 Leased assets

The Group as a lessee

For any new contracts, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.11 Leased assets (continued)

The Group as a lessee (continued)

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee
At lease commencement date, the Group recognises a right of use asset and a lease liability on the consolidated statement of financial position measured as follows:

Right of use asset
The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use asset for impairment when such indicators exist.

Lease liability
At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

4.12 Impairment testing of goodwill and non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.12 Impairment testing of goodwill and non-financial assets (continued)

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.13 Financial instruments

4.13.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement of financial assets and financial liabilities are described below.

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

- rights to receive cash flows from the assets have expired;
- 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 'pay and receive' 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 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 extend it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.1 Recognition, initial measurement and derecognition (continued)

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated statement of profit or loss.

4.13.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

The Group may make the following irrevocable tests/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4.13.3 Subsequent measurement of financial assets

- ***Financial assets at amortised cost***

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost comprise of the following:

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.3 Subsequent measurement of financial assets (continued)

- ***Financial assets at amortised cost (continued)***

\- *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, balances with banks and other financial institutions which are subject to an insignificant risk of changes in value.

\- *Receivables and other assets*

Receivables and other assets are stated at original amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

\- *Due from related parties*

Due from related parties are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

- ***Financial assets at FVTOCI***

The Group's financial assets at FVTOCI comprise equity investments. The equity investments represent investments in equity shares of various companies and include both quoted and unquoted.

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

Equity investments at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.3 Subsequent measurement of financial assets (continued)

- ***Financial assets at FVTOCI (continued)***

Equity investments at FVTOCI (continued)

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised
in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

- ***Financial assets at FVTPL***

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group's financial assets at FVTPL comprise of investments in equity shares.

4.13.4 Impairment of financial assets

All financial assets except for those at FVTPL and Equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets at amortised cost or at FVTOCI.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at the probability of default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.4 Impairment of financial assets (continued)

The Group always recognises lifetime ECL for staff receivables and other assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

4.13.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include payables and other liabilities, due to related parties and term loans from related parties.

The subsequent measurement of financial liabilities depends on their classification as follows:

- ***Financial liabilities at amortised cost***

These are stated using effective interest rate method. Payable and other liabilities, due to related parties and term loans from related parties are classified as financial liabilities other than at FVTPL.

- *Due to/term loans from related parties*

Due to/term loans from related parties are financial liabilities arising in the normal course of the business or money advances from those related parties and are not quoted in an active market.

- *Wakala payable*

Wakala payable represent amount payable on deferred settlement basis for assets purchases under wakala arrangements. Wakala payable are stated at the total amount payable, less deferred finance costs. Deferred finance cost is expensed on a time apportionment basis taking account of the borrowing rate attributable and the balance outstanding.

- *Payables and other liabilities*

Payables and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.14 Amortised cost of financial instruments

This is computed using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

4.15 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

4.16 Offsetting of financial instruments

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

4.17 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

4.18 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid-up.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Kuwaiti Dinars.
- Fair value reserve – comprises gains and losses relating to investments at FVTOCI and share of associate' fair value reserve.

Retained earnings includes all current and prior period profits and accumulated losses.

Dividend payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.

4.19 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.

4 Material accounting policy information (continued)

4.19 Employees' end of service benefits (continued)

With respect to its Kuwaiti national employees, in addition to the end of service benefits, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

4.20 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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

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 benefits is remote.

4.21 Foreign currency translation

4.21.1 Functional and presentation currency

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

4.21.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot-exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.21.3 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to the consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.22 Related party transactions

Related parties represent subsidiaries, associate, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out with the approval the Group's management.

4.23 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (e.g. regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels). The Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.

5 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires the Group's management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

5.1 Significant management judgments

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

5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.13). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.1.2 Significant increase in credit risk

Estimated credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define "significant" increase. Therefore, for assessment whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

5.1.3 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

5.2 Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimates uncertainty (continued)

5.2.1 Impairment of associate

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss.

5.2.2 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

5.2.3 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5.2.4 Significant influence

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the Company.

6 Subsidiaries

6.1 The details of subsidiaries are set out below:

Name of the subsidiary	Country of incorporation	Percentage of ownership		Principal activity
		31 Dec. 2024 %	31 Dec. 2023 %	
Univest Consultancy Group – WLL (6.1.1)	Kuwait	**49%**	49%	Financial services
Al-Deera International Communication Company – WLL (6.1.2)	Kuwait	**99%**	99%	General trading & contracting
Al-Deera SG Company – WLL	Kuwait	**99%**	99%	General trading
Al-Deera REG Company – WLL	Kuwait	**99%**	99%	General trading
Al-Deera FG Company – WLL	Kuwait	**99%**	99%	General trading

Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.1 The details of subsidiaries are set out below: (continued)

6.1.1 The Group holds 49% ownership interest and voting rights in Univest Consultancy Group – WLL. When determining control, management considered whether the Group has the practical ability to direct the relevant activities of Univest Consultancy Group – WLL on its own to generate returns for itself. Management concluded that it has the power based on its ability to appoint and remove the majority of management of the investee at any time, without restrictions. The Group, therefore, has accounted for Univest Consultancy Group – WLL as a subsidiary.

6.1.2 Al-Deera International Communication Company - WLL is a limited liability company registered and operating in Kuwait. This company is owned by Town Holding Company Limited, a company registered in Dubai and does not have any operations and/or entities operating other than Al-Deera International Communication Company – WLL.

7 Finance costs

	Year ended 31 Dec. 2024	Year ended 31 Dec. 2023
Finance costs on term loans from related parties	**132,188**	273,120
Finance costs on Wakala payables	**347,396**	114,024
	479,584	387,144

8 Net gain/(loss) on financial assets and financial liabilities

	Year ended 31 Dec. 2024	Year ended 31 Dec. 2023
From financial assets at amortised cost:		
- Interest income	**87,176**	32,984
- Provision for doubtful debts	**(254,200)**	-
From financial assets at fair value through profit or loss (FVTPL):		
- Gain on sale	**200,828**	117,447
- Change in fair value	**1,990,857**	1,221,266
From financial assets at fair value through other comprehensive income (FVTOCI):		
- recognised directly in other comprehensive income	**2,229,936**	4,348,039
- recognised directly in consolidated statement of profit or loss as dividend	**93,280**	42,236
	4,347,877	5,761,972
From financial liabilities at amortised cost:		
- Finance costs on term loans from related parties	**(132,188)**	(273,120)
- Finance costs on Wakala payables	**(347,396)**	(114,024)
	3,868,293	5,374,828
Net gain recognised in the consolidated statement of profit or loss	**1,638,357**	1,026,789
Net gain recognised in the consolidated statement of profit or loss and other comprehensive income	**2,229,936**	4,348,039
	3,868,293	5,374,828

Notes to the consolidated financial statements (continued)

9 Basic and diluted earnings per share attributable to the shareholders of the Parent Company

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Parent Company by weighted average number of shares outstanding during the year as follows:

	Year ended 31 Dec. 2024	Year ended 31 Dec. 2023
Profit for the year attributable to the shareholders of the Parent Company (KD)	**3,392,664**	1,976,541
Weighted average number of shares outstanding during the year (shares)	**103,241,880**	103,241,880
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (Fils)	**32.86**	19.14

The comparative weighted average number of shares for calculating the basic and diluted earnings per share has been adjusted to reflect the bonus shares issued in 2024 (note 20). Earnings per share for the year ended 31 December 2023 were 21.54 Fils before retrospective adjustment.

10 Investment in associate

10.1 Details of the Group's investment in associate are as follows:

Name of the associate	Country of incorporation	Percentage of ownership		Principal activity
		31 Dec. 2024 %	31 Dec. 2023 %	
Arzan Financial Group for Financing and Investment – KPSC (quoted)	Kuwait	**16.73%**	16.71%	Financing and investment

The Group holds 16.73% (31 December 2023: 16.71%) equity interest in Arzan Financial Group for Financing and Investment – KPSC ("Arzan"). Since the ownership in Arzan is below 20% management performed an assessment of significant influence using various factors and determined that it exercises significant influence over Arzan and, consequently, classified the investment as an associate.

10.2 The movement in the carrying amount of the investment in associate is as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Balance at beginning of the year	**21,309,033**	20,492,516
Additional investments made during the year	**39,641**	1,522,315
Disposal of shares	**(33,165)**	(3,377,406)
Write off of investment in an associate	**-**	(1,000)
Share of results	**2,354,858**	1,264,065
Cash dividend received	**(277,633)**	(604,883)
Share of other comprehensive income of associate	**4,140,462**	2,095,008
Net effect of change in ownership in associate on movement of treasury shares	**1,247,442**	(81,582)
Balance at end of the year	**28,780,638**	21,309,033

Notes to the consolidated financial statements (continued)

10 Investment in associate (continued)

10.2 The movement in the carrying amount of the investment in associate is as follows (continued):
Investment in associate is pledged against term loans from related parties (note 17) and wakala payable (note 18).

10.3 Summarised financial information of the Group's associate is set out below:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Non-current assets	**221,599,655**	172,099,979
Current assets	**61,599,097**	37,560,339
Total assets	**283,198,752**	209,660,318
Non-current liabilities	**24,955,121**	25,715,406
Current liabilities	**31,033,358**	12,021,919
Total liabilities	**55,988,479**	37,737,325
Total equity	**227,210,273**	171,922,993
Non-controlling interests	**(54,923,742)**	(40,138,098)
Equity attributable to the owners of the associate	**172,286,531**	131,784,895

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Revenue	**25,424,784**	15,889,692
Expenses and other charges	**(9,402,383)**	(7,207,905)
Profit for the year	**16,022,401**	8,681,787
Profit attributable to:		
Shareholders of the Parent Company	**14,096,643**	7,034,594
Non-controlling interests	**1,925,758**	1,647,193
Other comprehensive income for the year	**37,575,176**	10,689,422
Total comprehensive income for the year	**53,597,577**	19,371,209
Group's share of results	**2,354,858**	1,264,065
Group's share of other comprehensive income	**4,140,462**	2,095,008

Notes to the consolidated financial statements (continued)

10 Investment in associate (continued)

10.3 Summarised financial information of the Group's associate is set out below (continued):
Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Group's ownership interest	**16.73%**	16.71%
Net assets attributable to the owners of the associate	**172,286,531**	131,784,895
Group's share of net assets	**28,780,638**	22,014,799
Other adjustments	**-**	(705,766)
Carrying value of investment in associate	**28,780,638**	21,309,033
Market value of the associate	**37,969,122**	29,151,490

11 Investments at fair value through other comprehensive income

	31 Dec. 2024 KD	31 Dec. 2023 KD
Local quoted securities (refer 'b' below)	**2,265,412**	8,266,866
Local unquoted securities	**780,661**	664,170
Foreign quoted securities	**1,523**	1,390
Foreign unquoted securities	**629,679**	592,861
	3,677,275	9,525,287

a) These investments are held in equity instruments for medium-to-long-term strategic objectives. Accordingly, the management has chosen to identify these investments in equity instruments as investments at fair value through other comprehensive income where it is believed that the recognition of short-term fluctuations in the fair value of these investments in the statement of profit or loss will not be consistent with the Group's strategy to hold such investments for long-term purposes and realizing their performance potential in the long-term.

b) Local quoted securities amounting to KD1,455,838 (31 December 2023: KD990,932) are held through managed portfolios.

c) During the year, the Group disposed of investments at fair value through other comprehensive income as follows:

- investments with total cost of KD2,395,286 (31 December 2023: KD445,967) for cash consideration of KD2,965,877 (31 December 2023: KD855,126) resulting into a gain of KD570,591 (31 December 2023: KD409,159) recognised directly in retained earnings within equity.

- investments with total cost of KD1,641,766 against the settlement of term loan from related parties (notes 17) amounting to KD5,549,735 resulting into a gain of KD3,907,969 recognised directly in retained earnings within equity.

Notes to the consolidated financial statements (continued)

11 Investments at fair value through other comprehensive income (continued)

- investments with total cost of KD531,868 against the settlement of balances due to related parties (note 19) amounting to KD1,684,426 resulting into a gain of KD1,152,558 recognised directly in retained earnings within equity.

d) Investments at fair value through other comprehensive income with a carrying value of KD3,047,596 (31 December 2023: KD8,932,426) are pledged against term loans from related parties (note 17) and wakala payable (note 18).

12 Receivables and other assets

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets		
Due from related parties (refer 'a' below)	**1,647,217**	1,628,350
Staff receivables	**2,503**	4,122
Other assets	**723,575**	723,155
	2,373,295	2,355,627
Less: provision for doubtful debts (refer 'b' below)	**(1,395,564)**	(1,141,364)
	977,731	1,214,263
Non-financial assets		
Advance payment to acquire investment	**132,500**	66,250
	1,110,231	1,280,513

a. During the previous year, the Parent Company entered into a sale and repurchase (Repo) agreement of a foreign unquoted share with a related party. The related party received USD 3,000,000 (equivalent to KD924,300) in exchange for the share. The amount advanced by the Parent Company carries an annual interest rate of 9.5% and matures within 180 days from the date of agreement. The agreement has been renewed to end on 16 December 2025.

b. In measuring the expected credit losses, the financial assets have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and nature of debtors.

Detail of the expected credit losses on the financial assets above as at 31 December 2024 are as follows:

	Not past due KD	30 to 180 days KD	180 to 365 days KD	Total KD
31 December 2024:				
Gross carrying amount	-	2,503	2,370,792	2,373,295
Provision for doubtful debts	-	-	(1,395,564)	(1,395,564)
Total financial assets	-	2,503	975,228	977,731

Notes to the consolidated financial statements (continued)

12 Receivables and other assets (continued)

Detail of the expected credit losses on the financial assets above as at 31 December 2023 are as follows:

	Not past due KD	30 to 180 days KD	180 to 365 days KD	Total KD
31 December 2023:				
Gross carrying amount	-	4,122	2,351,505	2,355,627
Provision for doubtful debts	-	-	(1,141,364)	(1,141,364)
Total financial assets	-	4,122	1,210,141	1,214,263

The movement of the provision for doubtful debts during the year is as follows:

	31 Dec. 2024 **KD**	31 Dec. 2023 KD
Balance at beginning of the year	**1,141,364**	5,397,314
Charge during the year	**254,200**	-
Write-off during the year	**-**	(4,255,950)
Balance at end of the year	**1,395,564**	1,141,364

13 Investments at fair value through profit or loss

	31 Dec. 2024 **KD**	31 Dec. 2023 KD
Local quoted securities	**7,085,084**	3,862,488

During the previous year, the Group acquired 19.80% ownership which increased during the year to 20.57% of a local listed company. At 31 December 2024, the value of this investment amounted to KD4,622,858 (31 December 2023: KD3,155,981). Management assessed that the Group does not exercise significant influence over the company. Accordingly, the investment is classified as investment at fair value through profit or loss.

14 Share capital

	31 Dec. 2024 **KD**	31 Dec. 2023 KD
103,241,880 authorised, issued and fully paid-up shares of 100 Fils each - in cash (31 December 2023: 91,770,560 shares)	**10,324,188**	9,177,056

The extraordinary general assembly of the Parent Company's shareholders held on 1 July 2024 approved to increase the share capital through the distribution of 12.5% bonus shares. As a result of this increase, the share capital became KD10,324,188 comprising of 103,241,880 shares of 100 Fils each (note 20).

15 Statutory and voluntary reserves

Statutory reserve

In accordance with the Companies Law and the Parent Company's memorandum of incorporation and articles of association, 10% of the profit for the year attributable to the shareholders of the Parent Company before KFAS, NLST, Zakat and directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid-up share capital.

Notes to the consolidated financial statements (continued)

15 Statutory and voluntary reserves (continued)

Statutory reserve (continued)

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for distribution of a dividend of that amount.

Voluntary reserve

In accordance with the Parent Company's articles of association, 10% of the profit for the year attributable to the shareholders of the Parent Company before KFAS, NLST, Zakat and directors' remuneration is transferred to the voluntary reserve. There are no restrictions on distribution of voluntary reserve.

No transfer to reserves is required in the year the Group incurs losses or where accumulated losses exists.

16 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 31 December 2023	**10,629,642**	**(779,122)**	**9,850,520**
Share of other comprehensive income/(loss) of associate	**4,404,532**	**(264,070)**	**4,140,462**
Net change in fair value of investments at fair value through other comprehensive income	**2,211,111**	**-**	**2,211,111**
Total other comprehensive income/(loss) for the year	**6,615,643**	**(264,070)**	**6,351,573**
Gain on disposal of investments at FVTOCI	**(6,729,073)**	**-**	**(6,729,073)**
Balance at 31 December 2024	**10,516,212**	**(1,043,192)**	**9,473,020**
Balance at 31 December 2022	3,815,764	29,414	3,845,178
Share of other comprehensive income/(loss) of associate	2,903,544	(808,536)	2,095,008
Net change in fair value of investments at fair value through other comprehensive income	4,322,845	-	4,322,845
Total other comprehensive income/(loss) for the year	7,226,389	(808,536)	6,417,853
Gain on disposal of investment at FVTOCI	(412,511)	-	(412,511)
Balance at 31 December 2023	10,629,642	(779,122)	9,850,520

17 Term loans from related parties

The loans outstanding as of 31 December 2024 represent credit balances owed to related parties that were converted into loans on 1 August 2020 to be payable on 31 July 2021. During the year 2021, the Group rescheduled all these loans to mature on 31 July 2028 under the new facility contracts concluded between the Parent Company and those related parties.

Notes to the consolidated financial statements (continued)

17 Term loans from related parties (continued)

	31 Dec. 2024 KD	31 Dec. 2023 KD
Kuwait Holding Company - KSCC (refer 'a' below)	**-**	1,671,849
Al-Rana General Trading and Contracting Company - WLL (refer 'b' below)	**-**	2,727,886
Al Nozha International Real Estate Company - WLL (refer 'c' below)	**-**	1,150,000
International Resorts Company - KPSC (refer 'd' below)	**359,469**	359,469
AIM Consulting - WLL (refer 'e' below)	**289,317**	289,317
International Financial Advisors Holding Company - KPSC – (refer 'f' below)	**1,072,728**	1,278,427
	1,721,514	7,476,948
Instalments due within next twelve months	**-**	-
Instalments due after next twelve months	**1,721,514**	7,476,948
	1,721,514	7,476,948

a) During the year, the Group settled the loan obtained from Kuwait Holding Company - KSCC in full in exchange for certain investments at fair value through other comprehensive income resulting in a gain of KD1,162,866 recognised directly in retained earnings within equity (note 11).

b) During the year, the Group settled the loan obtained from Al-Rana General Trading and Contracting Company - WLL in full in exchange for certain investments at fair value through other comprehensive income resulting in a gain of KD1,897,400 recognised directly in retained earnings within equity (note 11).

c) During the year, the Group settled the loan obtained from Al Nozha International Real Estate Company - WLL in full in exchange for certain investments at fair value through other comprehensive income resulting in a gain of KD847,703 recognised directly in retained earnings within equity (note 11).

d) The loan payable to International Resorts Company - KPSC does not carry interest and is secured against investment in associate (note 10) and investments at fair value through other comprehensive income (note 11).

e) The loan payable to AIM Consulting – WLL does not carry interest and is secured against investment in associate (note 10) and investments at fair value through other comprehensive income (note 11).

f) The loan payable to International Financial Advisors Holding Company – KPSC does not carry interest and is unsecured. During the year, the Group settled an amount of KD205,699 from the outstanding balance of this loan.

18 Wakala payable

	31 Dec. 2024 KD	31 Dec. 2023 KD
Wakala facility of KD1,400,000	**1,347,500**	1,400,000
Wakala facility of KD3,600,000	**3,581,250**	2,700,000
	4,928,750	4,100,000
Instalments due within next twelve months	**339,375**	307,500
Instalments due after next twelve months	**4,589,375**	3,792,500
	4,928,750	4,100,000

Notes to the consolidated financial statements (continued)

18 Wakala payable (continued)

The wakala facilities have been obtained from a local Islamic financial institution amounting to KD1,400,000 and KD3,600,000 to finance the purchase of equity securities and real estates. The wakala facilities carry annual profit rate of 2.5% above CBK discount rate and are secured against investment in associate (note 10) and investments at fair value through other comprehensive income (note 11).

19 Payables and other liabilities

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial liabilities		
Due to related parties (note 'a' below)	**489,921**	2,206,905
Accrued expenses	**97,318**	83,774
Dividend payable	**62,360**	62,360
National Labour Support Tax payable (note 23)	**817,861**	776,188
Zakat payable (note 23)	**107,362**	56,946
KFAS payable (refer 'b' below)	**8,658**	5,816
Other payables	**61,254**	60,531
	1,644,734	3,252,520

a. The Group has settled amounts due to Al-Rana General Trading and Contracting Company – WLL, Med Al-Bahar Holding Company – KSCC and Kuwait Holding Company – KSCC amounting to KD779,877, KD705,000 and KD199,549 respectively, in exchange for certain investments at fair value through other comprehensive income with total cost of KD531,868 resulting into gain of KD1,152,558 recognised directly in retained earning within equity (note 11).

b. KFAS payable represents the provision charged during the year amounting to KD10,946 (31 December 2023: KD5,816).

   The Parent Company's management believes that the legislature has not issued a law on the contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and thus it is not a tax. KFAS is a private institution in accordance with the law. There is no provision in the Companies' Law or in the Parent Company's memorandum of incorporation and articles of association obligating the Parent Company to apply this deduction. In spite of the above, the Ministry of Commerce and Industry (MOCI) has recently issued instructions requiring inclusion of this deduction until it is approved to hold the general assembly.

   Therefore, the Parent Company's management decided to charge a provision as a precautionary procedure only even though it believes no amount is due from the Parent Company, particularly because the MOCI had issued similar instructions which were previously reversed.

20 Annual general assembly of shareholders and extraordinary general assembly

Subject to the requisite consent of the relevant authorities and approval of the shareholders' general assembly, the directors of the Parent Company propose to distribute cash dividends of 5 Fils per share for the year ended 31 December 2024 and bonus shares at 10% for the shareholders of the Parent Company through increase in share capital (2023: bonus shares at 12.5%).

Notes to the consolidated financial statements (continued)

20 Annual general assembly of shareholders and extraordinary general assembly (continued)

The directors of the Parent Company propose board of directors' remuneration of KD25,000 for the year ended 31 December 2024 (2023: KD25,000). This proposal is also subject to approval of the shareholders' general assembly.

The annual general assembly of the Parent Company's shareholders held on 13 May 2024 approved the consolidated financial statements for the year ended 31 December 2023. Also, it approved to distribute bonus shares of 12.5% (equivalent to KD1,147,132) through increase in share capital and KD25,000 as remuneration for the Board of Directors for the financial year ended 31 December 2023 which has been recognised under expenses in the consolidated statement of profit or loss for the year (31 December 2022: No dividends and no remuneration for the Board of Directors).

Further, the extraordinary general assembly of the Parent Company's shareholders held on 1 July 2024 approved to increase the share capital through the distribution of 12.5% bonus shares. As a result of this increase, the share capital became KD10,324,188 comprising of 103,241,880 shares of 100 Fils each (note 14).

21 Related party balances and transactions

Related parties represent major shareholders, subsidiaries, associate, 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 Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note.

Details of significant related party balances and transactions are as follows:

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Transactions included in consolidated statement of profit or loss:		
Dividend income	**31,415**	30,547
Other income	**87,176**	32,984
Advisory fees	**(151,000)**	(81,565)
Finance costs	**(132,188)**	(273,120)
Compensation of key management personnel:		
Salaries and other short-term benefits	**126,875**	96,355
End of service benefits	**11,002**	3,745
Directors' remuneration (included in general, administrative and other expenses)	**25,000**	-
	162,877	100,100

	31 Dec. 2024 KD	31 Dec. 2023 KD
Balances included in consolidated statement of financial position:		
Due from related parties – net of provision of KD700,000 (31 December 2023: KD445,800) (note 12)	**22,917**	254,200
Balance due on sale and repurchase (Repo) agreement with a related party (note 12 'a')	**924,300**	928,350
Due to related parties (included in payables and other liabilities) (note 19)	**489,921**	2,206,905
Term loans from related parties (note 17)	**1,721,514**	7,476,948

Notes to the consolidated financial statements (continued)

22 Segmental information

The Group operates in one segment "investments" from which all of the Group's revenue and profits are generated and all of its assets and liabilities are related to this segment.

Most of the Group's assets and operations are located inside Kuwait.

23 Legal cases

The management of the Parent Company filed legal cases against the Tax Department of the Ministry of Finance with regard to method of calculation of National Labour Support Tax and Zakat provision for previous years especially with respect to unrealised income items. Appeal judgements were issued. Those legal cases are still under litigation at the Court of Cassation. In case the Court of Cassation ruled a judgement in favour of the Parent Company, those amounts (note 19) will be reversed from payables and other liabilities to the revenue within the consolidated statement of profit or loss of the Group.

During the previous year, and according to the final judgement issued by the Court of Cassation, the Group has settled an amount of KD766,169 and during the year, the Group has settled the remaining balance of KD85,130 related to NLST's outstanding amount for the year ended 31 December 2005 of KD851,299.

24 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Parent Company's board of directors is ultimately responsible for the overall risk management and for approving risk strategies and principles. The Group's risk management focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance. Long term financial investments are managed to generate lasting returns.
The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The most significant financial risks to which the Group is exposed are described below.

24.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in Kuwait, the Middle Eastern countries and USA and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar. The Group's financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
US Dollars	**1,555,464**	1,522,569

Notes to the consolidated financial statements (continued)

24 Risk management objectives and policies (continued)

24.1 Market risk (continued)

a) Foreign currency risk (continued)

The foreign currency sensitivity is determined based on 2% (31 December 2023: 2%) increase or decrease in exchange rate. The percentages have been determined based on the average market volatility in exchange rates in the previous twelve months. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If the Kuwaiti Dinar had strengthened/(weakened) against the US Dollar assuming the above sensitivity, then this would have the following impact on the results for the year and equity:

	Results for the year		Equity	
	31 Dec. 2024 KD	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD
US Dollars	**±18,516**	±18,596	**±31,309**	±30,451

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

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to wakala payable. The risk is managed by the Group by monitoring regularly to ensure positions are maintained within established limits.

Positions are monitored on a regular basis and hedging strategies are used, if required, to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the results for the year to a reasonable possible change in interest rates with effect from the beginning of the year. Based on observation of current market conditions it has been assumed that a reasonable possible change in the interest rates would be +1% and -1% (2023: +1% and -1%).

The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant. There is no direct impact on Group's equity.

	Increase in interest rate		Decrease in interest rate	
	31 Dec. 2024 KD	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD
Results for the year	**(49,288)**	(41,000)	**49,288**	41,000

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

Notes to the consolidated financial statements (continued)

24 Risk management objectives and policies (continued)

24.1 Market risk (continued)

c) Price risk

The Group is exposed to equity price risk with respect to its quoted equity investments. Equity investments are classified either as investments at fair value through profit or loss or as investment at fair value though other comprehensive income.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If equity prices had been 1% higher/lower, the effect on the profit and equity for the years ended 31 December 2024 and 2023 would have been as follows:

	Result for the year		Equity	
	31 Dec. 2024 KD	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD
Investments at fair value through profit or loss	**±70,851**	±38,625	**±70,851**	±38,625
Investments at fair value through other comprehensive income	**-**	-	**±22,669**	±82,687

24.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities. It also obtains security when appropriate.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarised below:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Receivables and other assets	**977,731**	1,214,263
Cash and cash equivalent	**265,507**	426,622
	1,243,238	1,640,385

The Group continuously monitors defaults of customers and other counterparties, identified either individually or as a group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

Notes to the consolidated financial statements (continued)

24 Risk management objectives and policies (continued)

24.2 Credit risk (continued)

The credit risk for bank balances is considered negligible, since the counterparties are financial institutions with high credit quality.

24.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The Group contractual maturity profile of financial liabilities based on undiscounted cash flows is as follows:

	Upto3 months KD	3-12 months KD	Over 1 year KD	Total KD
31 December 2024				
Liabilities				
Provision for employees' end of service benefits	**-**	**-**	**219,063**	**219,063**
Term loans from related parties	**-**	**-**	**1,721,514**	**1,721,514**
Wakala payable	**144,714**	**541,664**	**5,401,432**	**6,087,810**
Payables and other liabilities	**-**	**1,644,734**	**-**	**1,644,734**
	144,714	**2,186,398**	**7,342,009**	**9,673,121**
31 December 2023				
Liabilities				
Provision for employees' end of service benefits	-	-	197,927	197,927
Term loans from related parties	-	-	7,476,948	7,476,948
Wakala payable	73,525	528,604	4,951,560	5,553,689
Payables and other liabilities	-	3,252,520	-	3,252,520
	73,525	3,781,124	12,626,435	16,481,084

25 Fair value measurement

25.1 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position are as follows:

Notes to the consolidated financial statements (continued)

25 Fair value measurement (continued)

25.1 Fair value measurement of financial instruments (continued)

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets:		
Financial assets at amortised cost:		
Receivables and other assets	**977,731**	1,214,263
Cash and cash equivalents	**266,507**	427,122
Investments at fair value:		
Investments at fair value through profit or loss	**7,085,084**	3,862,488
Investments at fair value through other comprehensive income	**3,677,275**	9,525,287
	12,006,597	15,029,160
Financial liabilities:		
Financial liabilities at amortised cost:		
Term loans from related parties	**1,721,514**	7,476,948
Wakala payable	**4,928,750**	4,100,000
Payables and other liabilities	**1,644,734**	3,252,520
	8,294,998	14,829,468

Management considers that the carrying amounts of financial assets and liabilities, which are stated at amortised cost, approximate their fair values.

25.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments at fair value and measurement details are disclosed below. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

25.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value on a recurring basis in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

Notes to the consolidated financial statements (continued)

25 Fair value measurement (continued)

25.3 Fair value hierarchy (continued)

	Notes	Level 1 KD	Level 3 KD	Total KD
31 December 2024				
Investments at fair value through profit or loss				
Local quoted securities	a	**7,085,084**	**-**	**7,085,084**
Investments at fair value through other comprehensive income				
Local quoted securities	a	**2,265,412**	**-**	**2,265,412**
Local unquoted securities	b	**-**	**780,661**	**780,661**
Foreign quoted securities	a	**1,523**	**-**	**1,523**
Foreign unquoted securities	b	**-**	**629,679**	**629,679**
		9,352,019	**1,410,340**	**10,762,359**
31 December 2023				
Investments at fair value through profit or loss				
Local quoted securities	a	3,862,488	-	3,862,488
Investments at fair value through other comprehensive income				
Local quoted securities	a	8,266,866	-	8,266,866
Local unquoted securities	b	-	664,170	664,170
Foreign quoted securities	a	1,390	-	1,390
Foreign unquoted securities	b	-	592,861	592,861
		12,130,744	1,257,031	13,387,775

There has been no transfer between levels 1 and 2 during the year. The Group does not have any financial liabilities measured at fair value.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted securities

All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, market multiples and adjusted net book value which include some assumptions that are not supportable by observable market prices or rates.

Level 3 fair value measurements

The Group's financial assets classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

25 Fair value measurement (continued)

25.3 Fair value hierarchy (continued)

Level 3 fair value measurements (continued)

	Investments at FVTOCI	
	31 Dec. 2024 KD	31 Dec. 2023 KD
Balance at beginning of the year	**1,257,031**	1,130,925
Change in fair value during the year	**153,309**	126,106
Balance at end of the year	**1,410,340**	1,257,031

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques used for instruments categorised in Levels 3 are described below:

The fair value of financial instruments that are not traded in an active market (e.g. local unquoted securities) is determined by using valuation techniques. Fair value for the underlying unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the statement of financial position date.

The investment managers in determining the fair value of these investments use a variety of methods and make assumptions that are based on market conditions existing at each financial position date.

Investment managers use techniques such as discounted cash flow analysis, recent transactions prices and market multiples to determine fair value.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in the consolidated statement of profit or loss and other comprehensive income, total assets, total liabilities or total equity.

The impact on consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

26 Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimisation of the capital structure.

The capital of the Group comprises of total equity. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the consolidated financial statements (continued)

26 Capital management objectives (continued)

The net debt consists of the following:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Term loans from related parties	**1,721,514**	7,476,948
Wakala payable	**4,928,750**	4,100,000
Due to related parties	**489,921**	2,206,905
Less: Cash and cash equivalents	**(266,507)**	(427,122)
Net debt	**6,873,678**	13,356,731
Equity	**32,405,686**	21,377,060

Consistent with others in the industry, the Group monitors capital on the basis of the net debt to equity ratio.

This ratio is calculated as net debt divided by equity as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Net debt	**6,873,678**	13,356,731
Equity	**32,405,686**	21,377,060
Net debt to equity ratio	**21%**	62%

P.O 4839 Safat 13049 Kuwait
Tel : (+965) 22493955 / 22493966 – Fax : (+965) 22493963

info@aldeeraholding.com
www.aldeeraholding.com