NATIONAL INVESTMENTS COMPANY K.S.C.P. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL INVESTMENTS COMPANY K.S.C.P.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of National Investments Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the 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 adopted by the Central Bank of Kuwait for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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. The description of how our audit addressed the matter is provided in that context.

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

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Valuation of investment securities

Investment securities represent 76% of the Group's total assets and comprises of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

As part of our audit procedures, we have tested the level 1 fair valuations by comparing the fair values applied by the Group with publicly available market data. For level 2 and 3 valuations we evaluated the models and the assumptions used by the management and tested the source data used in the valuations, to the extent possible, to independent sources and externally available market data to evaluate the data's relevance, completeness and accuracy. We have also challenged the significant judgments and assumptions applied to the valuation model, including discounts for lack of marketability. We further assessed that the significant assumptions and related uncertainties are appropriately reflected in the disclosure in Note 27 of the consolidated financial statements.

The valuation of the Group's investment securities most predominantly for the instruments classified under level 2 and level 3 involve the exercise of judgment by the management and the use of assumptions and estimates. Key judgments applied by management in valuation of the Group's investment securities carried at fair value include determination of price to book multiples from comparable companies, calculated Net Asset Value (NAV) and fair value from third party managers including application of illiquidity discounts in certain cases. Due to the size and estimation uncertainties, this is considered a key audit matter. The Group's policies on valuation of investments securities are presented in accounting policies and in Notes 2.5, 9 and 11 of the consolidated financial statements.

Other information included in the Group's 2024 Annual Report

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL INVESTMENTS COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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 adopted by Central Bank of Kuwait for use by the State of Kuwait, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL INVESTMENTS COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONAL INVESTMENTS COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements

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

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

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

18 March 2025
Kuwait

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2024

	Notes	***2024*** ***KD 000's***	*2023* *KD 000's*
INCOME			
Realised gain on financial assets at fair value through profit or loss		**287**	403
Unrealised gain (loss) on financial assets at fair value through profit or loss		**8,999**	(6,051)
Changes in fair value of investment properties	13	**519**	44
Gain on sale of investment properties		**75**	-
Rental income	13	**1,246**	1,222
Dividend income	3	**6,793**	6,816
Management, incentive, brokerage and advisory service and other fees		**10,247**	9,252
Interest income		**317**	564
Share of results of associates and joint venture	12	**2,630**	1,126
Gain on foreign exchange trading		**183**	419
TOTAL INCOME		**31,296**	13,795
EXPENSES			
Administrative expenses	4	**13,023**	8,787
Finance costs		**2,758**	1,834
Charge (release) for other provisions and impairment losses	5	**754**	(1,316)
Gain on foreign currency translation		**(89)**	(21)
TOTAL EXPENSES		**16,446**	9,284
PROFIT FOR THE YEAR BEFORE TAXATION AND DIRECTORS' REMUNERATION		**14,850**	4,511
Taxation charge	6	**(846)**	(19)
Directors' remuneration	20	**(165)**	-
PROFIT FOR THE YEAR		**13,839**	4,492
Attributable to:			
Equity holders of the Parent Company		**12,125**	4,139
Non-controlling interests		**1,714**	353
		13,839	4,492
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY (FILS)	7	**15.21**	5.19

The attached notes 1 to 28 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 ***KD 000's***	*2023* *KD 000's*
Profit for the year	**13,839**	4,492
Other comprehensive income (loss):		
Items that will not be reclassified to consolidated statement of income in subsequent periods:		
Change in fair value of equity instruments at fair value through other comprehensive income	**23,156**	(6,838)
Share of other comprehensive income (loss) of associates	**857**	(482)
	24,013	(7,320)
Items that are or may be reclassified to the consolidated statement of income in subsequent periods:		
Foreign currency translation adjustments	**39**	(31)
Other comprehensive income (loss) for the year	**24,052**	(7,351)
Total comprehensive income (loss) for the year	**37,891**	(2,859)
Attributable to:		
Equity holders of the Parent Company	**36,098**	(3,238)
Non-controlling interest	**1,793**	379
	37,891	(2,859)

The attached notes 1 to 28 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	**2024 KD 000's**	2023 KD 000's
ASSETS			
Cash and balances with banks and financial institutions	8	**15,768**	20,400
Financial assets at fair value through profit or loss	9	**131,105**	113,583
Trading properties	10	**272**	271
Loans		**248**	276
Financial assets at fair value through other comprehensive income	11	**84,430**	65,254
Investments in associates and joint venture	12	**13,262**	12,579
Investment properties	13	**28,597**	29,039
Intangible assets	14	**1,116**	1,202
Goodwill	15	**1,708**	1,708
Other assets	16	**7,048**	4,989
TOTAL ASSETS		**283,554**	249,301
LIABILITIES AND EQUITY			
LIABILITIES			
Bank borrowings	17	**53,737**	47,413
Accounts payable and accruals	18	**14,507**	10,590
TOTAL LIABILITIES		**68,244**	58,003
EQUITY			
Share capital	19	**79,786**	79,786
Share premium	19	**42,634**	49,593
Statutory reserve	19	**12,929**	11,615
Voluntary reserve	19	**-**	1,130
Treasury shares	19	**(235)**	(235)
Treasury shares reserve	19	**520**	520
Other reserves		**486**	486
Foreign currency translation reserve		**517**	499
Cumulative changes in fair value		**38,245**	26,000
Retained earnings		**22,521**	3,866
Equity attributable to the equity holders of the Parent Company		**197,403**	173,260
Non-controlling interests	21	**17,907**	18,038
TOTAL EQUITY		**215,310**	191,298
TOTAL LIABILITIES AND EQUITY		**283,554**	249,301

Khaled Waleed Al-Falah
Chairman

Fahad Abdulrahman Al-Mukhaizim
Board Member & Chief Executive Officer

The attached notes 1 to 28 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Attributable to equity holders of the Parent Company												
	Share capital KD 000's	*Share premium KD 000's*	*Statutory reserve KD 000's*	*Voluntary reserve KD 000's*	*Treasury Shares KD 000's*	*Treasury shares reserve KD 000's*	*Other reserve KD 000's*	*Foreign currency translation reserve KD 000's*	*Cumulative changes in fair value KD 000's*	*Retained earnings KD 000's*	*Sub-total KD 000's*	*Non-controlling interests KD 000's*	*Total KD 000's*
As at 1 January 2024	79,786	49,593	11,615	1,130	(235)	520	486	499	26,000	3,866	173,260	18,038	191,298
Profit for the year	-	-	-	-	-	-	-	-	-	12,125	12,125	1,714	13,839
Other comprehensive income for the year	-	-	-	-	-	-	-	18	23,955	-	23,973	79	24,052
Total comprehensive income for the year	-	-	-	-	-	-	-	18	23,955	12,125	36,098	1,793	37,891
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	(11,710)	11,710	-	-	-
Transfer to statutory reserve (Note 19c)	-	-	1,314	-	-	-	-	-	-	(1,314)	-	-	-
Dividend (Note 19e)	-	(6,959)	-	(1,130)	-	-	-	-	-	(3,866)	(11,955)	-	(11,955)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(244)	(244)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,680)	(1,680)
As at 31 December 2024	**79,786**	**42,634**	**12,929**	**-**	**(235)**	**520**	**486**	**517**	**38,245**	**22,521**	**197,403**	**17,907**	**215,310**

The attached notes 1 to 28 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2024

	Attributable to equity holders of the Parent Company												
	Share capital KD 000's	*Share premium KD 000's*	*Statutory reserve KD 000's*	*Voluntary reserve KD 000's*	*Treasury Shares KD 000's*	*Treasury shares reserve KD 000's*	*Other reserve KD 000's*	*Foreign currency translation reserve KD 000's*	*Cumulative changes in fair value KD 000's*	*Retained earnings KD 000's*	*Sub-total KD 000's*	*Non-controlling interests KD 000's*	*Total KD 000's*
As at 1 January 2023	79,786	49,593	11,199	12,508	(235)	520	486	557	33,462	10,939	198,815	18,174	216,989
Profit for the year	-	-	-	-	-	-	-	-	-	4,139	4,139	353	4,492
Other comprehensive (loss) income for the year	-	-	-	-	-	-	-	(58)	(7,319)	-	(7,377)	26	(7,351)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	-	(58)	(7,319)	4,139	(3,238)	379	(2,859)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	(143)	143	-	-	-
Transfer to statutory reserve (Note 19c)	-	-	416	-	-	-	-	-	-	(416)	-	-	-
Dividend (Note 19e)	-	-	-	(11,378)	-	-	-	-	-	(10,939)	(22,317)		(22,317)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(332)	(332)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(183)	(183)
As at 31 December 2023	79,786	49,593	11,615	1,130	(235)	520	486	499	26,000	3,866	173,260	18,038	191,298

The attached notes 1 to 28 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	**2024 KD 000's**	2023 KD 000's
OPERATING ACTIVITIES			
Profit for the year before taxation and directors' remuneration		**14,850**	4,511
Adjustments for:			
Unrealised (gain) loss on financial assets at fair value through profit or loss		**(8,999)**	6,051
Change in fair value of investment properties	13	**(519)**	(44)
Gain on sale of investment properties		**(75)**	-
Dividend income	3	**(6,793)**	(6,816)
Interest income		**(317)**	(564)
Share of results from associates and joint venture	12	**(2,630)**	(1,126)
Finance costs		**2,758**	1,834
Depreciation and amortisation	4	**359**	323
Charge (release) for impairment losses and other provisions	5	**754**	(1,316)
		(612)	2,853
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		**(8,523)**	(17,438)
Other assets		**(1,977)**	625
Accounts payable and accruals		**2,473**	(638)
Cash flows used in operations		**(8,639)**	(14,598)
Dividend income received		**6,840**	6,803
Interest income received		**317**	564
Director's fee paid		-	(105)
Taxes paid		**(360)**	(236)
Net cash flows used in operating activities		**(1,842)**	(7,572)
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income		**(11,807)**	(6,529)
Proceeds from sale of financial assets at fair value through other comprehensive income		**15,787**	18,502
Proceeds from sale of investment properties		**1,150**	-
Capital improvements to investment properties		**(114)**	-
Dividends and capital distributions received from associates and joint venture	12	**2,842**	3,493
Additions to investment in associate and joint venture	12	**(58)**	(1,341)
Proceeds from sale of associate	12	-	31
Purchase of fixed assets		**(402)**	(315)
Net movement in loans during the year		**30**	62
Net movement in fixed deposits		-	1,100
Net cash flows from investing activities		**7,428**	15,003
FINANCING ACTIVITIES			
Bank borrowing availed		**7,750**	12,000
Bank borrowings repaid		**(1,426)**	(3,590)
Finance costs paid		**(2,695)**	(1,708)
Dividends paid to non-controlling interests		**(244)**	(332)
Movement in non-controlling interests		**(1,680)**	(183)
Dividends paid		**(11,923)**	(24,514)
Net cash flows used in financing activities		**(10,218)**	(18,327)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,632)**	(10,896)
Cash and cash equivalents at 1 January		**20,400**	31,296
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8	**15,768**	20,400

The attached notes 1 to 28 form part of the consolidated financial statements.

1 CORPORATE INFORMATION

The Group comprises National Investments Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"). The Parent Company is a Public Kuwait Shareholding Company incorporated on 6 December 1987 and is listed on Boursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait ("CBK") for financing activities and Capital Market Authority ("CMA") as an investment company.

The purposes and objectives of the Parent Company are as follows:

- Working as financial broker unregistered in the Exchange market.
- Carrying out all financial transactions such as lending, borrowing, acting as a guarantor and issuance of bonds of all kinds with or without collateral in both local and global markets.
- Incorporating or participation in the incorporation of companies of all different types, purposes and nationalities as well as selling and purchasing of their shares, issued bonds and financial rights for the company.
- Undertaking all the activities related to securities, including selling and purchase of all types of shares and bonds for the interest of the Company, whether those issued by local and global private sector, governmental or semi-governmental companies.
- Acting as manager of financial portfolios.
- Investing in real estate, industrial, agricultural sectors and other economic sectors by participation in incorporating specialized companies or purchase of their shares.
- Undertaking real estate investments aiming at developing residential lands and building units, residential and commercial complexes with a view to sell or lease them.
- Acting as investment advisor.
- Acting as subscription agent.
- Acting as Mutual investment system manager.
- Dealing and trading in foreign currency exchange and precious metals market inside and outside Kuwait for its own account without prejudice to the prohibition stipulated by ministerial resolution issued concerning the Central Bank of Kuwait regulation of investment companies.
- Owning industrial property rights, patents, industrial and commercial trademarks, commercial royalties, literary and intellectual rights relating to software, publications as well as utilizing and franchising them to other bodies.
- Market Maker activities.

The Parent Company may have an interest or participate in any manner with bodies performing activities similar to its own to assist the Parent Company in achieving its purpose inside or outside Kuwait. It may also establish, participate, merge or buy such corporations.

The Parent Company's registered head office is at Khaleejia Complex, Jaber Al Mubarak street, Kuwait.

The consolidated financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 18 March 2025 and are subject to the approval of the General Assembly of the shareholders of the Parent Company. The Annual General Assembly ("AGM") of the shareholders of the Parent Company has the power to amend these consolidated financial statements.

Details of subsidiaries are given in Note 2.2.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. These regulations require expected credit loss ("ECL") on credit facilities (i.e. loans) to be measured at higher of the amount computed under IFRS 9: Financial Instruments ("IFRS 9") according to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS Accounting Standards as adopted by CBK for use by the State of Kuwait).

The consolidated financial statements are prepared under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and derivatives financial instruments that have been measured at fair value.

2.1 BASIS OF PREPARATION (continued)

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is the Parent Company's functional and presentation currency, and all values are rounded to the nearest KD thousand except when otherwise stated.

The Group presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 26.2.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.2 BASIS OF CONSOLIDATION (continued)

Details of material subsidiary companies are as follows:

Name	*Country of Incorporation*	*Holding % 2024*	*Holding % 2023*	*Principal activities*
Directly held				
MENA Capital Holding Company K.S.C. (Closed) ("MENA")	Kuwait	**59.33**	59.33	Investments
International Infrastructure Holding Co. K.S.C. (Closed)	Kuwait	**99.00**	99.00	Investments
Al Waseet Financial Business Company K.S.C. (Closed) ("Waseet")	Kuwait	**65.17**	65.17	Investment brokerage Services
Al-Bawaba Al-Watania General Trading & Cont. Co. W.L.L.	Kuwait	**99.00**	99.00	Trading and Contracting
National Gate for Computer Systems Company K.S.C. (Closed)	Kuwait	**99.33**	99.33	Information technology
Flick Wholesale and Trading Company. W.L.L. ("Flick")	Kuwait	**95.00**	95.00	Wholesale and retail (Last mile Logistic)
National Investments Real Estate Co. WLL	Kuwait	**99.00**	99.00	Investment & Real estate
National Investment Company S.A.L.	Lebanon	**100**	100	Property development
National Investment Co. Holding S.A.L.	Lebanon	**99.00**	99.00	Investments
Al Mada Investment Fund ("Al Mada")	Bahrain	**58.99**	49.88	Investments
NIC Pipe	Cayman Island	**92.50**	92.50	Investments
NIC Technology Ventures 2 Ltd	British Virgin Islands	**69.00**	69.00	Investments
NIC Kitzingen	Cayman Island	**100**	-	Investments
NIC Real Estate Investment 3	Cayman Island	**100**	-	Investments
Indirectly held through Waseet				
Al Nugoua For General Trading Company W.L.L.	Kuwait	**99.00**	99.00	Real estate investments
Indirectly held through Mena				
Colony/MENA Holdings L.P.	Guernsey	**-**	99.99	Investments
Indirectly held through Flick				
Al Ameed Consumer Goods Delivery Co. W.L.L	Kuwait	**100**	100	Goods delivery
Indirectly held through NIC Kitzingen				
NIC Real Estate Venture 3	Cayman Island	**100**	-	Investments

2.3 CHANGES IN MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of following new and amended standards effective as of 1 January 2024.

New and amended standards and interpretations
The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024.

The nature and the impact of each amendment is described as below:

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendment to IAS 1)
The amendments to IAS 1 clarify that the classification of liabilities as current or non-current is based on rights that exists at the end of the reporting period to defer the settlement of liability for at least twelve months from the end of the reporting period, irrespective of whether the entity expects to exercise its right or not. The rights are considered to be in existence if covenants are complied with at the end of the reporting period.

2.3 CHANGES IN MATERIAL ACCOUNTING POLICIES (continued)

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendment to IAS 1) (continued)

The amendments also clarify that right to defer settlement of liability is not affected by the covenants that are required to be complied after the end of the reporting period. However, additional disclosure requirements apply for such liabilities. The amendments did not have an impact on the Group's consolidated statement of financial position, which is presented in order of liquidity.

Several other amendments and interpretations apply for the first time in 2024, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing of standards issued is those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

Lack of Exchangeability (Amendments to IAS 21) – 1 January 2025

The amendments to IAS 21 specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. Applying the amendments, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for a specified purpose. When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enables users of its financial statements to evaluate how the currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The Group will adopt this amendment when it becomes effective and applicable.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments), which are effective from annual periods starting on or after 1 January 2026. The Amendments include:

- A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)
- These amendments are not expected to have a material impact on the Group.

IFRS 18 Presentation and Disclosure in Financial Statements – 1 January 2027

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements, which are effective for reporting periods beginning on or after 1 January 2027. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

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

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 18 Presentation and Disclosure in Financial Statements – 1 January 2027 (continued)
In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION

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

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

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of income.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Fee income
The Group earns fee income from diverse range of asset management, custody, brokerage and advisory services provided to its customers. Fees earned for the provision of services over a period of time are accrued over that period. These fees include management fees, advisory fees and brokerage. Incentive fees is recognised when crystallised or are no longer subject to clawback.

Dividend income
Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Rental income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Interest income

Interest income is recognised as interest accrues using the effective yield method.

Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

National Labour Support Tax (NLST)

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the period. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST are deducted from the profit for the year when determining taxable profit.

Zakat

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

Cash and cash equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents includes cash and balances with banks and financial institutions, short term deposits (with original maturity less than three months) less due to bank and other short-term borrowings due within three months of the contract date.

Group as a lessor

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

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition

Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value (except in the case of financial assets and financial liabilities recorded at FVTPL), transaction costs are added to, or subtracted from, this amount. Receivables are measured at the transaction price.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial liabilities, other than commitments and guarantees, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

Financial assets

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

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVTPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the year.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)
The Group classifies its financial assets upon initial recognition into the following categories:

Debt instruments at amortised cost
A financial asset which is a debt instrument, is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Balances with banks and financial institutions and other assets are classified as debt instruments at amortised cost.

Debt instruments at amortised cost are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

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

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the consolidated statement of income. Dividends are recognised in consolidated statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity investments at FVOCI are not subject to impairment assessment.

Equity instruments at FVTPL
The Group classifies equity instruments at fair value through profit and loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the consolidated statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values, interest income and dividends are recorded in consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are certain equity securities and funds.

Reclassification of financial assets
The Group does not reclassify its financial assets subsequent to their initial recognition except under circumstances in which the Group acquires, disposes of, or terminates a business line.

Derivatives
Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The Group enters into derivative financial instruments including foreign exchange forward contracts. Derivatives are stated at fair value. The fair value of a derivative includes unrealised gain or loss from marking to market the derivative using prevailing market rates or internal pricing models. Foreign currency derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in accounts payable and accruals in the consolidated statement of financial position.

The resultant gains and losses from derivatives are included in the consolidated statement of income.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

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

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

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

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, accounts payable and accruals, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include bank borrowings and accounts payable & accruals.

The Group has determined the classification and measurement of its financial liabilities as follows:

Bank Borrowings
After initial recognition, amounts due to banks are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of income when the liabilities are derecognised as well as through the EIR amortisation process.

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

Installments due within one year are shown as current liabilities. Interest is charged as an expense as it accrues in the consolidated statement of income, with unpaid amounts included in accrued expenses under 'accounts payable & accruals'.

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

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

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.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets
The Group computes Expected Credit Losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- Balance with banks and financial institutions
- Other assets

Equity investments are not subject to ECL.

Determination of ECL on balance with banks and financial institutions and other assets
With respect to the balance with banks and financial institutions, management and incentive fee receivables, receivables from KCC and rent receivables (included under other assets), the Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses as the simplified approach does not require the changes in credit risk to be tracked. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the Group's economic environment.

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

Impairment of credit facilities
Credit facilities granted by the Group consists of staff loans. Impairment on credit facilities shall be recognised in the consolidated statement of financial position at an amount equal to the higher of ECL under IFRS 9 according to the CBK guidelines, and the provisions required by the CBK instructions.

Provisions for credit losses in accordance with CBK instructions
The Group is required to calculate provisions for credit losses on credit facilities in accordance with the instructions of CBK on the classification of credit facilities and calculation of provisions. Credit facilities are classified as past due when a payment has not been received on its contractual payment date or if the facility is in excess of pre-approved limits. A credit facility is classified as past due and impaired when the profit or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value. Past due but not impaired and past due and impaired loans are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions.

Category	***Criteria***	***Specific provisions***
Watch list	Irregular for a period of up to 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The Group may also include a credit facility in one of the above categories based on management's judgement of a customer's financial and/or non-financial circumstances.

In addition to specific provisions, minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets (continued)
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

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

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

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

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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 quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For mutual fund investments, fair value is determined based on net asset values reported by the fund managers.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by using valuation techniques, such as recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, price multiples of relevant sector and comparable quoted companies discounted at current rates applicable for items with similar terms and risk characteristics. Fair value estimates take into account liquidity constraints and assessment for any impairment.

The fair value of interest-bearing financial instruments is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

The fair value of unquoted derivatives is determined either by discounted cash flows or by reference to a broker's quotes.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair value of financial instruments and further details as to how they are measured are provided in Note 27.

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the recent reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of income in the period in which they arise. Fair values are evaluated annually and recorded at the lower of the valuations assessed by at least two accredited external independent valuators for local properties and for foreign properties, it is based on a valuation by an accredited external independent valuator.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated income statement in the period of de-recognition.

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

Where the Parent Company uses only part of a property it owns, the utilisation of the insignificant portion is regarded as immaterial, which means that the whole property is stated at market value as an investment property.

Trading properties
Trading properties are carried at the lower of cost and net realisable value on an individual basis. Cost comprises the purchase price of the property and other expenses in order to complete the transaction. Net realisable value is based on estimated selling price less any further costs to be incurred on disposal. The estimated selling price is assessed as the value assessed by an accredited external independent valuator on an annual basis. Reductions in carrying value are taken to the consolidated statement of income.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)
The useful lives of intangible assets are assessed to be either finite or indefinite.

Brokerage licence	Indefinite
Customer relationships	10 years
Software license	5 years

Intangible assets with finite lives are amortised to their residual values over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income within other expenses.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually or more frequently if events or change in circumstances indicate the carrying value may be impaired, either individually or at the cash generating unit level.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

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

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

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

Dividend distribution
The Group recognises a liability to pay a dividend when the distribution is no longer at the discretion of the Group. As per the company law, a distribution is authorised when it is approved by the Shareholders at the annual general assembly. A corresponding amount is recognised directly in equity.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

Employees' end of service benefits
The Group provides employees' end of service benefits to all its employees. As per Labour law and the Group's internal policy, the entitlement to these benefits is based upon the employees' final salaries and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

Foreign currency translation
The consolidated financial statements are presented in Kuwaiti Dinars, which is the Parent Company's 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.

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

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

Group companies
As at the reporting date, the assets and liabilities of foreign subsidiaries, and the carrying amount of foreign associates, are translated into the Parent Company's presentation currency (the Kuwaiti Dinars) at the rate of exchange ruling at the reporting date, and their income statement are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken to the consolidated statement of comprehensive income as foreign exchange translation reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised in the consolidated statement of income.

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

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

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

Segment information
A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Classification of financial instruments
Judgements are made in the classification of financial instruments based on management's intention at acquisition.

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

Impairment of financial assets
The Group estimates expected credit loss for all financial assets carried at amortised cost or fair value through other comprehensive income except for equity instruments. The determination of expected credit loss involves significant use of external and internal data and assumptions. Refer Note 2.5 impairment of financial assets for more information.

Classification of real estate property
Management decides on acquisition of real estate whether it should be classified as trading or investment property.

The Group classifies property as trading if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

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.

Estimation uncertainty and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of financial assets
The Group reviews its loans and receivables on a regular basis to assess whether an impairment loss should be recorded in the consolidated statement of income. In particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty

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

Valuation of investment properties
The Group estimates the fair value of investment properties using at least two external independent valuators for local properties and an external independent valuator for foreign properties, who make considerable judgment and assumptions to reflect the market conditions at the reporting date.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimation uncertainty and assumptions (continued)

Impairment of associates and joint venture

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 associates and its carrying value and recognises the amount in the consolidated statement of income.

Impairment of intangible assets including goodwill

The Group determines whether intangibles with indefinite useful lives including goodwill are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3 DIVIDEND INCOME

	2024	*2023*
	KD 000's	*KD 000's*
Financial assets at fair value through profit or loss	**3,861**	3,445
Financial assets at fair value through other comprehensive income	**2,932**	3,371
	6,793	6,816

4 ADMINISTRATIVE EXPENSES

	2024	*2023*
	KD 000's	*KD 000's*
Staff costs	**7,996**	5,006
Other administrative expenses	**4,668**	3,458
Depreciation and amortization	**359**	323
	13,023	8,787

5 IMPAIRMENT LOSSES AND OTHER PROVISIONS

	2024	*2023*
	KD 000's	*KD 000's*
Charge (release) of provision for legal claims	**761**	(1,324)
Release of provision for loans	-	(1)
Write down of trading properties (Note 10)	**1**	7
(Release) charge of provision for expected credit losses	**(8)**	2
	754	(1,316)

6 TAXATION CHARGE

	2024	*2023*
	KD 000's	*KD 000's*
Kuwait Foundation for the Advancement of Sciences (KFAS)	**96**	19
National Labour Support Tax (NLST)	**540**	-
Zakat	**210**	-
	846	19

7 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year excluding treasury shares.

	2024	*2023*
Profit for the year attributable to equity holders of the Parent Company (KD'000)	**12,125**	4,139
Weighted average number of shares outstanding during the year (excluding treasury shares)	**797,021,540**	797,021,540
Basic earnings per share attributable to the equity holders of the Parent Company (fils)	**15.21**	5.19

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows consist of the following:

	2024 ***KD 000's***	*2023* *KD 000's*
Cash and balances with banks (including term deposits)	**14,390**	16,787
Cash and balances with financial institutions	**1,378**	3,613
Cash and balances with banks and financial institutions	**15,768**	20,400

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 ***KD 000's***	*2023* *KD 000's*
Quoted securities	**61,065**	50,341
Unquoted equity investments (includes private equity investments)	**2,901**	2,981
Unquoted mutual fund investments (investing in quoted and unquoted securities)	**67,139**	60,261
	131,105	113,583

Unquoted equity investments are fair valued using fair valuation techniques which resulted in a loss due to change in fair value of KD 166 thousand during the year recorded in consolidated statement of income (2023: loss of KD 630 thousand).

The unquoted mutual fund investments are carried at the latest net asset value provided by the respective fund managers based on the underlying assets of the funds.

The hierarchy for determining and disclosing the fair values of financial instruments by valuation technique are presented in Note 27. Certain financial assets at fair value through profit or loss amounting to KD 10,673 thousand (2023: KD 16,072 thousand) are collateralised against bank borrowings (Note 17).

10 TRADING PROPERTIES

Trading properties represent properties in Lebanon.

The properties are valued at the lower of cost and net realisable value. Based on an independent market valuation carried out by a registered real estate assessor with relevant experience in the market in which the properties are situated, the properties are carried at KD 272 thousand (2023: KD 271 thousand). Fair value of the property for which disclosures have been made in Note 27 is KD 477 thousand (2023: KD 308 thousand). During the year, the Group recorded a write down in value of trading properties amounting to KD 1 thousand (2023: KD 7 thousand) included in impairment losses and other provisions under consolidated statement of income.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	*2023*
	KD 000's	*KD 000's*
Quoted equity investments*	**73,833**	54,395
Unquoted equity investments	**10,597**	10,859
	84,430	65,254

*Quoted equity investments in Boursa Kuwait Securities Company K.P.S.C. ("Boursa Kuwait"), acquired by the Parent Company in prior years through auction as part of a consortium, were subject to a five-year lock-in period. Consequently, in line with IFRS13, a 15% discount was applied to their fair value until the conclusion of the lock-in period which ended on 18 March 2024. Post-lock-in period, these investments are fair-valued without applying any discount. Further during the year, on 19 November 2024, the Group disposed off 3.24% equity holding in Boursa Kuwait at a fair value of KD 2.043 per share, resulting in realised gain of KD 11,785 thousand, which has been transferred to retained earnings.

Unquoted equity investments are fair valued using fair valuation techniques which resulted in a profit due to change in fair value of KD 468 thousand during the year (2023: loss of KD 266 thousand) recorded in other comprehensive income.

Certain financial assets at fair value through other comprehensive income amounting to KD 22,353 thousand (2023: KD 11,116) are collateralised against bank borrowings (Note 17).

The hierarchy for determining and disclosing the fair values of financial instruments by valuation technique are presented in Note 27.

12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

a) Investments in associates

Details of associates are as follows:

Name of company	*Country of registration*	*Effective % as at 31 December*		*Principal activities*
		2024	*2023*	
Associates				
Kuwait Foundry Company K.P.S.C.	Kuwait	**21.29**	21.29	Basic materials – Foundry
Team Holding Co KSC (Closed)	Kuwait	**50.00**	47.50	Investments
First Education Company K.S.C. (Closed)	Kuwait	**23.58**	23.58	Educational services
Osos Holding Group Company K.P.S.C	Kuwait	**21.60**	21.60	Investments
First Energy Resources Company K.S.C (Closed) (Under Liquidation)	Kuwait	**24.38**	24.38	Investment in energy sector
Seera Investment Company B.S.C.C.	Bahrain	**34.67**	34.67	Investments
NIC Real Estate Investment 3	Cayman Islands	**-**	15.01	Investments

12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

The movement in the carrying amount of investment in associates during the year is as follows:

	2024 ***KD 000's***	*2023* *KD 000's*
As at 1 January	**11,180**	13,833
Additions	**58**	-
Sale of associates	**-**	(31)
Share of results for the year	**2,545**	1,139
Dividend and capital distributions received	**(2,749)**	(3,182)
Share of other comprehensive income (loss)	**851**	(482)
Foreign currency translation adjustment	**(20)**	(97)
As at 31 December	**11,865**	11,180

Investments in associates with a carrying amount of KD 7,921 thousand (2023: KD 6,613 thousand) have a market value of KD 12,426 thousand at 31 December 2024 (2023: KD 7,991 thousand) based on published quotes.

2024	***Investment*** ***KD 000's***	***Basic materials*** ***KD 000's***	***Other*** ***KD 000's***	***Total*** ***KD 000's***
Associates' statement of financial position:				
Current assets	**8,939**	**2,146**	**6,411**	**17,496**
Non-current assets	**18,580**	**22,559**	**4,233**	**45,372**
Current liabilities	**2,957**	**598**	**82**	**3,637**
Non-current liabilities	**5,504**	**124**	**156**	**5,784**
Equity	**19,058**	**23,983**	**10,406**	**53,447**
Group's carrying amount of the investment	**4,688**	**5,109**	**2,068**	**11,865**
Associates' revenue and results:				
Revenue	**5,219**	**5,405**	**1,931**	**12,555**
Profit for the year	**2,697**	**5,915**	**2,731**	**11,343**
Group's share of results for the year	**642**	**1,259**	**644**	**2,545**
Dividends received during the year	**191**	**1,383**	**-**	**1,574**

12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

2023	*Investment KD 000's*	*Basic materials KD 000's*	*Other KD 000's*	*Total KD 000's*
Associates' statement of financial position:				
Current assets	32,564	2,432	874	35,870
Non-current assets	19,678	17,520	9,414	46,612
Current liabilities	7,311	605	114	8,030
Non-current liabilities	1,477	112	87	1,676
Equity	43,454	19,235	10,087	72,776
Group's carrying amount of the investment	5,410	4,098	1,672	11,180
Associates' revenue and results:				
Revenue	3,471	7,824	1,137	12,432
(Loss) profit for the year	(1,143)	6,009	1,747	6,613
Group's share of results for the year	(552)	1,279	412	1,139
Dividends received during the year	454	1,570	-	2,024

The associates had no significant contingent liabilities or capital commitments as at 31 December 2024 and 2023.

Certain investment in associates amounting to KD 7,921 thousand (2023: KD 6,613 thousand) are collateralised against bank borrowings (Note 17).

b) Investment in a joint venture

Details of joint ventures are as follows:

Name of company	*Country of registration*	*Effective % as at 31 December*		*Principal activities*
		2024	*2023*	
Associates				
MENA Capital Spring Limited	Guernsey	**51.00**	51.00	Investments
Linden Hill Capital – Private Ventures – SPW Limited	Jersey	**49.17**	49.17	Investments

	2024 KD 000's	*2023 KD 000's*
At 1 January	**1,399**	327
Additions	**-**	1,341
Share of results for the year	**85**	(13)
Dividend and capital distributions received	**(93)**	(311)
Foreign currency translation adjustment	**6**	55
At 31 December	**1,397**	1,399

12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

b) Investment in a joint venture (continued)

Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2024 ***KD 000's***	*2023* *KD 000's*
Summarised statement of financial position:		
Total assets	**3,406**	6,075
Total liabilities	**404**	3,130
Equity	**3,002**	2,945
Group's carrying amount of the investment	**1,397**	1,399
Revenue and results:		
Revenue	**139**	133
Income (loss) for the year	**173**	(26)
Group's share of results for the year	**85**	(13)

The joint venture had no other contingent liabilities or commitments as at 31 December 2024 and 2023.

13 INVESTMENT PROPERTIES

	2024 ***KD 000's***	*2023* *KD 000's*
As at 1 January	**29,039**	28,995
Addition	**114**	-
Disposal *	**(1,075)**	-
Changes in fair value **	**519**	44
As at 31 December	**28,597**	29,039

* During the year, the Group has disposed off its Mahboula property for a consideration of KD 1,150 thousand resulting in gain of KD 75 thousand recorded in the consolidated statement of income.

** The Group's investment properties consist of properties in Kuwait and in another GCC country. The fair value of investment properties has been determined based on the lower of two valuations obtained from two independent, registered real estate assessors for properties in Kuwait. For the properties in the other GCC country; it is based on the valuation obtained from a registered real estate assessor with a recognized and relevant professional qualification and with recent experience in locations and categories of investment properties being valued.

Certain investment properties amounting to KD 24,200 thousand (2023: KD 26,150 thousand) are collateralised against bank borrowings (Note 17).

Rental income derived from these investment properties are as follows:

	2024 ***KD 000's***	*2023* *KD 000's*
Rental income	**1,246**	1,222
Direct operating expenses (included in administrative expenses)	**(576)**	(432)
Net rental income arising from investment properties	**670**	790

Fair value hierarchy disclosures for investment properties have been provided in Note 27.

14 INTANGIBLE ASSETS

2024	*Brokerage License KD 000's*	*Customer Relationships KD 000's*	*Software License KD 000's*	*Total KD 000's*
Net carrying amount as at 1 January 2024	604	195	403	1,202
Addition	-	-	19	19
Amortization charge for the year	-	(32)	(64)	(96)
Impairment loss	(9)	-	-	(9)
Net carrying amount as at 31 December 2024	**595**	**163**	**358**	**1,116**
2023				
Net carrying amount as at 1 January 2023	604	227	475	1,306
Arising on acquisition of subsidiary	-	-	6	6
Amortization charge for the year	-	(32)	(78)	(110)
Net carrying amount as at 31 December 2023	604	195	403	1,202

Brokerage license
Brokerage license has been allocated to brokerage cash-generating unit ('CGU'). The recoverable amount of the cash-generating unit has been determined based on a value in use calculations, using cash flow projections based on financial budgets approved by management covering a five-year period using a weighted average cost of capital of 9.93% (2023:9.84%) and a relevant terminal growth rate of 2.7% (2023:2.7%). As a result of the exercise, management has recorded an impairment loss of KD 9 thousand (2023: Nil) in the consolidated statement of income.

Key assumptions used in value in use calculations
The calculation of value in use for both the cash-generating units is most sensitive to the following assumptions:
- Net commission income;
- Discount rates and
- Growth rate to extrapolate cash flows beyond forecast period.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the cash generating units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

15 GOODWILL

	2024 KD 000's	*2023 KD 000's*
Net carrying amount as at 1 January and 31 December	**1,708**	1,708

The recoverable amount of the Goodwill has been determined based on a value in use calculations, using cash flow projections based on financial budgets approved by management covering a five-year period using a weighted average cost of capital of 11.2% (2023:10.5%) and a relevant terminal growth rate of 2.5% (2023:2.5%). As a result of the exercise, management has concluded that no impairment provision is considered necessary in the consolidated statement of income.

Key assumptions used in value in use calculations
The calculation of value in use for both the cash-generating units is most sensitive to the following assumptions:
- Total revenue;
- Discount rates and
- Growth rate to extrapolate cash flows beyond forecast period.

15 GOODWILL (continued)

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the cash generating units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

16 OTHER ASSETS

	2024 ***KD 000's***	*2023* *KD 000's*
Accrued management, incentive and advisory fees	**1,670**	1,023
Receivable from Kuwait Clearing Company	**430**	449
Brokerage guarantee deposit	**1,373**	810
Other	**3,575**	2,707
	7,048	4,989

17 BANK BORROWINGS

	2024 ***KD 000's***	*2023* *KD 000's*
Secured borrowings:		
- Due within one year	**11,640**	14,663
- Due after one year	**37,100**	30,750
Unsecured borrowings – Due within one year	**4,997**	2,000
	53,737	47,413

Bank borrowings carry interest rates ranging from 5% to 5.5% (2023: 5.2% to 5.75%).

Bank borrowings are secured against the following:

- Financial assets at fair value through profit and loss with a carrying value of KD 10,673 thousand (2023: KD 16,072 thousand) (Note 9).
- Financial assets at fair value through other comprehensive income with a carrying value of KD 22,353 thousand (2023: KD 11,116 thousand) (Note 11).
- Investments in associates with a carrying value of KD 7,921 thousand (2023: KD 6,613 thousand) (Note 12).
- Investment properties with a carrying value of KD 24,200 thousand (2023: KD 26,150 thousand) (Note 13).

Banking covenants vary according to each loan agreement but typically require that loan-to-value ratio should not be less than 125%. A future breach of covenant may require the Group to repay the loan on demand.

During the year, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

18 ACCOUNTS PAYABLE AND ACCRUALS

	2024 ***KD 000's***	*2023* *KD 000's*
Accrued expenses	**8,247**	6,177
Dividend payable	**2,464**	2,413
KFAS payable	**96**	366
Other payables	**3,700**	1,634
	14,507	10,590

19 SHARE CAPITAL, RESERVES, DIVIDENDS AND TREASURY SHARES

a) Share capital

The authorised, issued and fully paid-up share capital comprises 797,862 thousand shares (2023: 797,862 thousand shares) of 100 fils each paid up in cash.

b) Share premium

Share premium represents the excess of the issue price of a share over its nominal value and is not available for distribution except in cases stipulated by the Companies Law.

c) Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, Zakat, NLST and Directors' remuneration is to be transferred to statutory reserve. The Annual General Meeting of the shareholders may resolve to discontinue such annual transfers when the reserve equals 50% of the paid-up capital. During the year the Parent Company transferred 10% of the profit for the year attributable to equity holders of Parent Company before contribution to KFAS, Zakat, NLST and Directors' remuneration.

Distribution of the Parent Company's 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 in which the Parent Company's profits are not sufficient for the payment of a dividend of that amount.

d) Voluntary reserve

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

The cash dividend during 2024 and 2023 was partly distributed from voluntary reserve upon approval of the shareholders at the AGM.

e) Dividends

The AGM of the shareholders for the year 2023 held on 2 May 2024 approved cash dividend of 15 fils per share amounting to KD 11,955 thousand from retained earnings, voluntary reserve and partly from share premium representing 15% of the paid-up share capital and directors' remuneration.

On 18 March 2025, the Board of Directors of the Parent Company proposed the distribution of cash dividend from retained earnings representing 22% of the paid-up share capital for the financial year ended 31 December 2024 amounting to KD 17,534 thousand. This proposal is subject to the approval of the Parent Company's shareholders at the AGM.

f) Treasury shares and Treasury shares reserve

	2024	*2023*
Number of shares	**840,563**	840,563
Percentage of issued shares	**0.11%**	0.11%
Cost ("KD thousand ")	**235**	235
Market value ("KD thousand")	**253**	200
Weighted average market value per share (fils)	**261**	224

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

20 RELATED PARTIES DISCLOSURES

Related parties represent associated companies, managed funds, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

2024	***Associates KD'000***	***Other related parties KD'000***	***Total KD'000***
Transactions included in consolidated statement of income			
Management, incentive, brokerage and advisory fees	**81**	**1,999**	**2,080**
Rental income		**127**	**127**
Interest	**1**	**7**	**8**
Consolidated statement of financial position			
Loan	**-**	**200**	**200**
Other assets	**35**	**588**	**623**
2023			
Transactions included in consolidated statement of income			
Management, incentive, brokerage and advisory fees	7	2,141	2,148
Rental income	-	164	164
Interest	-	6	6
Consolidated statement of financial position			
Loan	-	100	100
Other assets	2	560	562

Compensation of key management personnel
The remuneration of key management personnel of the Group during the year were as follows:

	2024 KD 000's	*2023 KD 000's*
Salaries and short-term benefits	**1,404**	996
Employees' end of service benefits	**146**	94
Directors' remuneration	**165**	-
	1,715	1,090

* The Board of Directors of the Parent Company have proposed a director's remuneration amounting to KD 165 thousand for the year ended 31 December 2024 (2023: Nil). This proposal is subject to the approval of the shareholders at the AGM of the Parent Company.

21 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	***Country of incorporation***	***2024***	*2023*
MENA	Kuwait	**40.67%**	40.67%
Waseet	Kuwait	**34.83%**	34.83%
Al Mada	Bahrain	**41.01%**	50.12%

Accumulated balances of material non-controlling interest:

	2024 KD 000's	*2023 KD 000's*
MENA	**6,480**	6,110
Waseet	**6,920**	6,088
Al Mada	**4,126**	5,468
Other immaterial non-controlling interest	**381**	372
	17,907	18,038

21 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of income for the year ended 31 December:

	MENA ***KD 000's***	***Waseet*** ***KD 000's***	***Al Mada*** ***KD 000's***
2024			
Revenue	**1,150**	**5,495**	**906**
Expenses	**(231)**	**(2,544)**	**(104)**
Profit for the year	**919**	**2,951**	**802**
Other comprehensive (loss) income	**(9)**	**134**	**52**
Total comprehensive income	**910**	**3,085**	**854**
Attributable to non-controlling interest:			
Profit for the year	**373**	**1,028**	**335**
Other comprehensive (loss) income	**(4)**	**47**	**25**
	369	**1,075**	**360**
2023			
Revenue	(513)	3,054	762
Expenses	(155)	(1,894)	(157)
(Loss) profit for the year	(668)	1,160	605
Other comprehensive income (loss)	51	(5)	7
Total comprehensive (loss) income	(617)	1,155	612
Attributable to non-controlling interest:			
(Loss) profit for the year	(272)	404	307
Other comprehensive income (loss)	21	(3)	7
	(251)	401	314

21 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised statement of financial position as at 31 December:

	MENA KD 000's	*Waseet KD 000's*	*Al Mada KD 000's*
2024			
Total assets	**16,132**	**21,193**	**10,318**
Total liabilities	**(198)**	**(1,326)**	**(257)**
Total equity	**15,934**	**19,867**	**10,061**
Attributable to:			
Equity holders of the Parent Company	**9,454**	**12,947**	**5,935**
Non-controlling interest	**6,480**	**6,920**	**4,126**
	15,934	**19,867**	**10,061**
2023			
Total assets	15,210	18,851	10,996
Total liabilities	(185)	(1,370)	(74)
Total equity	15,025	17,481	10,922
Attributable to:			
Equity holders of the Parent Company	8,915	11,393	5,454
Non-controlling interest	6,110	6,088	5,468
	15,025	17,481	10,922

Summarised cash flow information for year ended 31 December:

	MENA KD 000's	*Waseet KD 000's*	*Al Mada KD 000's*
2024			
Operating	**(331)**	**1,969**	**1,771**
Investing	**471**	**(1,716)**	**-**
Financing	**-**	**(699)**	**(1,666)**
Net increase (decrease) in cash and cash equivalents	**140**	**(446)**	**105**
2023			
Operating	418	1,697	16
Investing	(1,068)	(217)	-
Financing	-	(954)	(192)
Net (decrease) increase in cash and cash equivalents	(650)	526	(176)

22 SEGMENT INFORMATION

For management purposes the Group is organised into four major business segments. The principal activities and services under these segments are as follows:

- Investment segment represents trading in equities including investment in associates and other strategic investments;
- Treasury segment represents liquidity management and trading in foreign currencies;
- Real estate segment represents, rental operations buying, selling and investing in real estate;
- Asset management, advisory and brokerage segment represents managing discretionary and non-discretionary investment portfolios, managing of investment funds, brokerage services, providing advisory, last mile delivery services and other related financial services and market making.

Management monitors the operating segment separately for the purpose of making decision about the resource allocation and performance assessment. The segment performance is evaluated based on segment result before taxes in management and reporting system.

The following table presents revenue, results for the year and total assets and total liabilities information regarding the Group's reportable segments.

2024	*Investment KD 000's*	*Treasury KD 000's*	*Real Estate KD 000's*	*Asset management advisory and brokerage KD 000's*	*Unallocated KD 000's*	*Total KD 000's*
Segment revenues	**19,026**	**487**	**1,841**	**9,942**	**-**	**31,296**
Segment results	**14,906**	**(2,874)**	**(826)**	**3,644**	**-**	**14,850**
Segment impairment losses and provisions	**-**	**-**	**(9)**	**763**	**-**	**754**
Assets and liabilities:						
Segment assets	**231,640**	**14,371**	**30,048**	**7,134**	**361**	**283,554**
Segment liabilities	**1,288**	**52,751**	**1,467**	**2,226**	**10,512**	**68,244**
Other segmental information:						
Investment in associates and joint venture	**13,262**	**-**	**-**	**-**	**-**	**13,262**
Goodwill and Intangible assets	**-**	**-**	**-**	**2,824**	**-**	**2,824**
Interest income	**-**	**304**	**-**	**13**	**-**	**317**
Finance costs	**-**	**2,652**	**106**	**-**	**-**	**2,758**
Commitments and contingencies	**8,238**	**-**	**280**	**-**	**13**	**8,531**

22 SEGMENT INFORMATION (continued)

2023	*Investment KD 000's*	*Treasury KD 000's*	*Real Estate KD 000's*	*Asset management advisory and brokerage KD 000's*	*Unallocated KD 000's*	*Total KD 000's*
Segment revenues	2,307	866	1,268	9,354	-	13,795
Segment results	114	(1,242)	(498)	6,137		4,511
Segment impairment losses and provisions	-	-	4	(1,320)	-	(1,316)
Assets and liabilities:						
Segment assets	197,761	11,648	29,989	9,140	763	249,301
Segment liabilities	1,198	44,974	2,870	1,136	7,825	58,003
Other segmental information:						
Investment in associates and joint venture	12,579	-	-	-	-	12,579
Goodwill and Intangible assets	-	-	-	2,910	-	2,910
Interest income	102	448	-	14	-	564
Finance costs	-	1,679	155	-	-	1,834
Commitments and contingencies	8,963	-	290	-	13	9,266

The Group does not have any inter-segment transaction.

Geographic information

	2024 (KD 000's)		*2023 (KD 000's)*	
	Income from external sources	***Total Assets***	*Income from external sources*	*Total Assets*
Kuwait and GCC	**28,842**	**254,910**	13,630	223,791
International	**2,454**	**28,644**	165	25,510
	31,296	**283,554**	13,795	249,301

The income information above is based on the location of the income sources.

23 COMMITMENTS AND CONTINGENT LIABILITIES

a) Bank guarantees

As at the reporting date, the Group has contingent liabilities in respect of bank guarantees amounting to KD 280 thousand (2023: KD 280 thousand) arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

b) Operating lease rental commitments – Group as a lessor

The Group has entered into operating leases on its investment properties. These leases have terms of between 1 and 5 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2024	*2023*
	KD 000's	*KD 000's*
Future minimum lease receipts:		
Within one year	**1,052**	1,196
Within one to two years	**743**	1,093
Within two to five years	**565**	1,415
	2,360	3,704

c) Capital expenditure commitments

At 31 December 2024, the Group had a maximum commitment on capital expenditures related mainly to purchase of investments amounting to KD 8,251 thousand (2023: KD 8,986 thousand).

24 FIDUCIARY ACCOUNTS

The Parent Company manages portfolios on behalf of others and maintains cash balances and securities in fiduciary accounts without recourse to the Group and funds which are not included in the consolidated statement of financial position. As at the reporting date, total fiduciary assets managed by the Parent Company amounted to KD 1,077,051 thousand (2023: KD 1,049,222 thousand). The total income earned from funds and other fiduciary activities amounted to KD 3,260 thousand (2023: KD 3,416 thousand) included in the Management, incentive, brokerage and advisory service and other fees in the consolidated statement of income.

25 DERIVATIVES

In the ordinary course of business, the Group enters into various types of transactions that involve financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instrument, reference rate or index. Derivative financial instruments traded by the Group are forward foreign exchange contracts.

Forward foreign exchange contracts

Forward foreign exchange contracts are contractual agreements to either buy or sell a specified currency, at a specific price and date in the future, and are customised contracts transacted in the over-the-counter market.

The table below shows the positive and negative fair values of derivative financial instruments, which are equivalent to the market values, together with the notional amounts for the year ended 31 December 2024 and 2023. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are not indicative of the credit risk.

25 DERIVATIVES (continued)

2024	***Positive fair value KD 000's***	***Negative fair value KD 000's***	***Notional amount total KD 000's***
Forward foreign exchange contracts	-	-	-
2023			
Forward foreign exchange contracts	19	18	25,289

Derivatives instruments are included under level 2 of fair value hierarchy (Note 28).

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group's principal financial liabilities, other than derivatives, comprise due to banks and accounts payable and accruals. The main purpose of these financial liabilities is to fund the Group's operations. The Group has various financial assets such as cash and balances with banks and financial institutions, quoted and unquoted financial instruments and other assets which arise directly from its operations.

The Group classifies the risks faced as part of its monitoring and controlling activities into certain categories of risks and accordingly specific responsibilities have been given to various officers for the identification, measurement, control and reporting of these identified categories of risks. The categories of risks are:

A. Risks arising from financial instruments:
   i. Credit risk which includes default risk of clients and counterparties
   ii. Liquidity risk
   iii. Market risk which includes interest rate, foreign exchange and equity price risks

B. Other risks
   i. Prepayment risk
   ii. Operational risk which includes risks due to operational failures

The Parent Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

26.1 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 lending activities. The credit risk on balances with banks and other financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies.

The table below shows the maximum exposure to credit risk across financial assets:

	2024 KD 000's	*2023 KD 000's*
Balances with banks and other financial institutions	**15,767**	20,383
Loans	**248**	276
Other assets *	**6,189**	4,296
Total	**22,204**	24,955

** excluding advances, prepayments and fixed assets*

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.1 Credit risk (continued)

The Group uses a provision matrix based on the Group's historical observed default rates to measure the ECLs of other assets. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. As at the reporting date, the majority of the Group's counterparty exposure has a low risk of default and does not include any past-due amounts. Management has assessed the ECL on other assets as on 31 December 2024 to be KD 794 thousand (2023: KD 802 thousand).

The exposures set above, are based on net carrying amounts as reported in the consolidated statement of financial position. The Group's maximum exposure is equal to the carrying amount of these balances. The maximum credit exposure to a single counter party is KD 6,538 thousand (2023: KD 8,596 thousand).

The Group does not have any collateral or other credit enhancements against any of the financial assets at 31 December 2024 and 2023.

Analysis of past due but not impaired

The Group did not have any "past due but not impaired" financial assets at 31 December 2024 and 2023.

Risk concentration of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The table below illustrates the maximum exposure to credit risk for the components of the consolidated statement of financial position analysed by geographical sector:

2024	***Kuwait KD 000's***	***GCC & Arab KD 000's***	***International KD 000's***	***Total KD 000's***
Assets				
Balances with banks and financial institutions	**12,716**	**1,131**	**1,920**	**15,767**
Loans	**248**	**-**	**-**	**248**
Other assets*	**4,392**	**33**	**1,764**	**6,189**
Total credit risk exposure	**17,356**	**1,164**	**3,684**	**22,204**
2023				
Assets				
Balances with banks and financial institutions	16,106	2,469	1,808	20,383
Loans	276	-	-	276
Other assets*	3,353	413	530	4,296
Total credit risk exposure	19,735	2,882	2,338	24,955

** excluding advances, prepayments and fixed assets*

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.1 Credit risk (continued)

The table below illustrates the maximum exposure to credit risk for the components of the consolidated statement of financial position analysed by industry sector:

2024	*Banks and other financial institutions KD 000's*	*Construction and real estate KD 000's*	*Other KD 000's*	*Total KD 000's*
Assets				
Balances with banks and financial institutions	**15,767**	**-**	**-**	**15,767**
Loans	**-**	-	**248**	**248**
Other assets	**3,674**	**1,366**	**1,149**	**6,189**
Total credit risk exposure	**19,441**	**1,366**	**1,397**	**22,204**
2023				
Assets				
Balances with banks and financial institutions	20,383	-	-	20,383
Loans	-	-	276	276
Other assets	2,608	308	1,380	4,296
Total credit risk exposure	22,991	308	1,656	24,955

26.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk is managed by the treasury department of the Parent Company. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Group's liabilities based on contractual undiscounted repayment obligations.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The liquidity profile of financial liabilities are as follows:

2024	*Within 3 months KD 000's*	*3 to 12 months KD 000's*	*Over one year KD 000's*	*Total KD 000's*
Bank borrowings	**5,172**	**13,891**	**40,762**	**59,825**
Accounts payable and accruals	**5,549**	**5,593**	**3,365**	**14,507**
Total liabilities	**10,721**	**19,484**	**44,127**	**74,332**
Commitments and contingent liabilities	**533**	**1,668**	**6,330**	**8,531**

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.2 Liquidity risk (continued)

2023	*Within 3 months KD 000's*	*3 to 12 months KD 000's*	*Over one year KD 000's*	*Total KD 000's*
Bank borrowings	675	18,506	34,487	53,668
Accounts payable and accruals	4,329	2,710	3,551	10,590
Total liabilities	5,004	21,216	38,038	64,258
Commitments and contingent liabilities	1,442	3,480	4,344	9,266

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is determined based on management's estimate of liquidation of those financial assets. The actual maturities may differ from the maturities shown below since borrowers may have the right to prepay obligations with or without prepayment penalties.

2024	***Within 3 months KD 000's***	***3 to 12 months KD 000's***	***Over one Year KD 000's***	***Total KD 000's***
Assets				
Cash and balances with banks and financial Institutions	**15,768**	**-**	**-**	**15,768**
Financial assets at fair value through profit or loss	**61,064**	**-**	**70,041**	**131,105**
Trading properties	**-**	**-**	**272**	**272**
Loan	**-**	**248**	**-**	**248**
Financial assets at fair value through other comprehensive income	**-**	**-**	**84,430**	**84,430**
Investments in associates and joint venture	**-**	**-**	**13,262**	**13,262**
Investment properties	**-**	**-**	**28,597**	**28,597**
Intangible assets			**1,116**	**1,116**
Goodwill			**1,708**	**1,708**
Other assets	**3,403**	**291**	**3,354**	**7,048**
Total assets	**80,235**	**539**	**202,780**	**283,554**
Liabilities				
Bank borrowings	**4,497**	**12,140**	**37,100**	**53,737**
Accounts payable and accruals	**5,549**	**5,593**	**3,365**	**14,507**
Total liabilities	**10,046**	**17,733**	**40,465**	**68,244**

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.2 Liquidity risk (continued)

2023	*Within 3 months KD 000's*	*3 to 12 months KD 000's*	*Over one Year KD 000's*	*Total KD 000's*
Assets				
Cash and balances with banks and financial Institutions	20,400	-	-	20,400
Financial assets at fair value through profit or loss	50,341	1,693	61,549	113,583
Trading properties	-	-	271	271
Financial assets at fair value through other comprehensive income	-	-	65,254	65,254
Investments in associates and joint venture	-	-	12,579	12,579
Investment properties	-	-	29,039	29,039
Intangible assets	-	-	1,202	1,202
Goodwill	-	-	1,708	1,708
Loan	-	225	51	276
Other assets	3,491	853	645	4,989
Total assets	74,232	2,771	172,298	249,301
Liabilities				
Bank borrowings	-	16,663	30,750	47,413
Accounts payable and accruals	4,329	2,710	3,551	10,590
Total liabilities	4,329	19,373	34,301	58,003

26.3 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

26.3.1 Foreign currency risk

The Group mainly operates in the Gulf Cooperation Council (GCC) and the United States of America (USA) and as a result is exposed to changes in exchange rates of the US Dollar, Euro, UAE Dirhams, Saudi Riyals and Qatari Riyals. The Group's consolidated statement of 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.

Foreign currency risk is managed on the basis of limits determined by the Parent Company's Board of Directors and a continuous assessment of the Groups' open positions.

The tables below indicate the currencies to which the Group had significant exposure at 31 December on its assets and liabilities. The analysis calculates the effect of a 5% change in currency rate against the Kuwaiti Dinar, with all other variables held constant on the result and other comprehensive income.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency	*Increase / (decrease) in rate to the KD*	*Effect on result 2024 KD 000's*	*Effect on other comprehensive income 2024 KD 000's*	*Effect on result 2023 KD 000's*	*Effect on other comprehensive income 2023 KD 000's*
Euro	± 5 %	**1**	**-**	5	-
US Dollar	± 5 %	**1,489**	**287**	1,207	376
Qatari Riyal	± 5 %	**52**	**4**	106	5
Saudi Riyal	± 5 %	**732**	**219**	802	202
UAE Dirham	± 5 %	**564**	**8**	433	6

26.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates and term deposits.

The Group's policy is to manage its interest cost by availing competitive credit facilities from the local and regional financial institutions and constantly monitoring interest rate fluctuations.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group's result before taxation for one year, based on the interest rate sensitive financial assets and liabilities held at 31 December. There is no direct impact on other comprehensive income.

	Increase/decrease in basis points	*Effect on result for the year KD 000's*
2024		
KD	**± 25**	**109**
2023		
KD	± 25	76

26.3.3 Equity price risk

Equity price risk arises from changes in the fair values of equity investments. The Group manages this through diversification of investments in terms of industry concentration. The majority of the Group's quoted investments are listed on the Boursa Kuwait.

The effect on other comprehensive income (as a result of a change in the fair value of financial assets through other comprehensive income at 31 December) and Group's results (as a result of a change in the fair value of financial assets at fair value through profit or loss at 31 December) due to a 5% change in market indices, with all other variables held constant is as follows:

	2024		*2023*	
Market indices	***Effect on other comprehensive income KD 000's***	***Effect on result KD 000's***	*Effect on other comprehensive income KD 000's*	*Effect on result KD 000's*
Kuwait	**4,410**	**2,383**	3,417	2,002
Others	**52**	**1,447**	54	1,388

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

26.4 Prepayment risk
Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The Group is not exposed to significant prepayment risk.

26.5 Operation risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

27 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December:

		Fair value measurement using		
2024	***Total KD 000's***	***Quoted prices in active markets (Level 1) KD 000's***	***Significant observable inputs (Level 2) KD 000's***	***Significant unobservable inputs (Level 3) KD 000's***
Assets measured at fair value				
Financial assets at fair value through profit or loss:				
Quoted securities (including loaned security)	**61,065**	**61,065**	**-**	**-**
Unquoted equity investments (including private equity investments)	**2,901**	**-**	**-**	**2,901**
Unquoted mutual fund investments (investing in quoted and unquoted securities)	**67,139**	**-**	**46,663**	**20,476**
Financial assets at fair value through other comprehensive income:				
Quoted equity investments	**73,833**	**73,833**	**-**	
Unquoted equity investments	**10,597**	**-**	**-**	**10,597**
Investment properties	**28,597**	**-**	**833**	**27,764**
Assets measured at cost while fair value is disclosed				
Trading properties	**272**	**-**	**272**	**-**
	244,404	**134,898**	**47,768**	**61,738**

27 FAIR VALUE MEASUREMENT (continued)

		Fair value measurement using		
2023	*Total KD 000's*	*Quoted prices in active markets (Level 1) KD 000's*	*Significant observable inputs (Level 2) KD 000's*	*Significant unobservable inputs (Level 3) KD 000's*
Assets measured at fair value				
Financial assets at fair value through profit or loss:				
Quoted securities (including loaned security)	50,341	50,341	-	-
Unquoted equity investments (including private equity investments)	2,981	-	-	2,981
Unquoted mutual fund investments (investing in quoted and unquoted securities)	60,261	-	42,855	17,406
Financial assets at fair value through other comprehensive income:				
Quoted equity investments	54,395	12,106	42,289	-
Unquoted equity investments	10,859	-	-	10,859
Investment properties	29,039	-	-	29,039
Forward foreign exchange contracts	19	-	19	-
Assets measured at cost while fair value is disclosed				
Trading properties	271	-	271	-
	208,166	62,447	85,434	60,285
Liabilities measured at fair value				
Forward foreign exchange contracts	18	-	18	-

The fair value of the above financial assets and liabilities is categorised as per the policy on fair value measurement in Note 2.5 "Material accounting policies".

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value.

2024	***As at 1 January KD 000's***	***(Loss) gain recorded in the consolidated statement of income KD 000's***	***Gain recorded in other comprehensive income KD 000's***	***Net purchases, transfer, sales and settlements KD 000's***	***As at 31 December KD 000's***
Financial assets at fair value through profit or loss:					
Unquoted equity investments (including private equity investments)	**2,981**	**(166)**	**-**	**86**	**2,901**
Unquoted mutual fund investments (investing in unquoted securities)	**17,406**	**1,522**	**-**	**1,548**	**20,476**
Financial assets at fair value through other comprehensive income:					
Unquoted equity investments	**10,859**	**-**	**468**	**(730)**	**10,597**
Investment properties	**29,039**	**385**	**-**	**(1,660)**	**27,764**
	60,285	**1,741**	**468**	**(756)**	**61,738**

27 FAIR VALUE MEASUREMENT (continued)

	As at 1 January KD 000's	*(Loss) gain recorded in the consolidated statement of income KD 000's*	*Loss recorded in other comprehensive income KD 000's*	*Net purchases, transfer, sales and settlements KD 000's*	*As at 31 December KD 000's*
2023					
Financial assets at fair value through profit or loss:					
Unquoted equity investments (including private equity investments)	3,595	(630)	-	16	2,981
Unquoted mutual fund investments (investing in unquoted securities)	16,875	(474)	-	1,005	17,406
Financial assets at fair value through other comprehensive income:					
Unquoted equity investments	10,886	-	(266)	239	10,859
Investment properties	28,995	44	-	-	29,039
	60,351	(1,060)	(266)	1,260	60,285

Description of significant unobservable inputs to valuation of financial assets:
Fair values of unquoted equity investments are derived through a market approach which utilises price multiples of relevant sectors and comparable quoted companies. The Group also uses net book value method using latest available financial statements of the investee entity, wherein the underlying assets are fair valued. A lack of marketability discount is applied on the fair values derived through this approach and is based on the management's judgment.

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

Significant unobservable valuation inputs	Range	Sensitivity of the input to fair value
Discount for lack of marketability (DLOM)	25% - 100%	5% increase (decrease) in the discount would decrease (increase) the fair value by KD 1,171 thousand (2023: KD 1,255 thousand).

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

For the purpose of measuring fair value of investment properties, the income approach is used where the present value technique is employed to reflect the current market expectations about the future estimated rental value (significant unobservable valuation input), based on per square meter per month rental rate in the country in which the properties are located.

The fair value of investment properties is determined based on valuations performed by independent, accredited valuers with recognized and relevant professional qualifications, as well as recent experience in the location and category of the investment properties being valued, in compliance with the Executive Regulations of the Capital Markets Authority regarding the valuation of investment properties. For local investment properties the Group has selected the lower of these two valuations as required by the CMA. The fair values are determined using a mix of the cost approach method and the market comparison approach considering the nature and usage of each property. The unit of comparison applied by the Group is the price per square meter ('sqm').

27 FAIR VALUE MEASUREMENT (continued)

Sensitivity analysis
Significant increases (decreases) in estimated price per square metre, rental value and rent growth per annum, in isolation would result in a significantly higher (lower) fair value on a linear basis. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

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

Other financial assets and liabilities are carried at amortised cost and the carrying values are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are re-priced immediately based on market movement in interest rates. Fair values of remaining financial assets and liabilities carried at amortised cost are estimated using valuation techniques incorporating certain assumptions such as credit spreads that are appropriate in the circumstances.

28 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its 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.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, due to banks, accounts payable and accruals less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Parent Company less cumulative changes in fair value.

	2024 ***KD 000's***	*2023* *KD 000's*
Bank borrowings	**53,737**	47,413
Accounts payable and accruals	**14,507**	10,590
Less: Cash and balances with banks and financial institutions	**(15,768)**	(20,400)
Net debt	**52,476**	37,603
Equity attributable to the equity holders of the Parent Company	**197,403**	173,260
Less: Cumulative changes in fair values	**(38,245)**	(26,000)
Total capital	**159,158**	147,260
Capital and net debt	**211,634**	184,863
Gearing ratio	**25%**	20%

The adequacy of the Group's capital is monitored using, among measures details above, the rules and ratios established by the Capital Markets Authority in supervising the Group.

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

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