AL MANAR
FINANCING & LEASING

2024

Al Manar Financing and Leasing Company K.S.C. (Public)
and its Subsidiaries
State of Kuwait

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

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For the financial year ended 31 December 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Manar Financing and Leasing Company K.S.C. (Public)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Manar Financing and Leasing Company K.S.C. (Public) as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as adopted by the Central Bank of Kuwait for use by the State of Kuwait.

Basis for Opinion

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matter

The consolidated financial statements of the Group for the financial year ended 31 December 2023 were audited, by another auditor who expressed an unqualified opinion on those statements on 27 March 2024.

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, we do not provide a separate opinion on these matters. We have determined matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Al Manar Financing and Leasing Company K.S.C. (Public)
State of Kuwait

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

Key Audit Matters (Continued)

Credit losses on finance receivables

The recognition of credit losses on financing receivables ("financing facilities") to customers is the higher of the Expected Credit Loss ("ECL") under International Financial Reporting Standard 9: Financial Instruments ("IFRS 9"), determined in accordance with Central Bank of Kuwait (the "CBK") guidelines, and the provision required by the CBK rules based on classification of credit facilities and calculation of their provision (the "CBK rules") as disclosed in the accounting policies in Note 3.3.1 and Note 8 to the consolidated financial statements.

The recognition of ECL under IFRS 9, determined in accordance with CBK guidelines, is a complex accounting policy, which requires considerable judgement in its implementation. ECL is dependent on management's judgement in assessing significant increase in credit risk and classification of financing facilities into various stages; determining when a default has occurred, development of models for assessing the probability of default of customers and estimating cash flows from recovery procedures or realization of collateral.

The recognition of a specific provision on impaired financing facilities under the CBK rules is based on the instructions by CBK on the minimum provision to be recognized together with any additional provision to be recognised based on management estimate of expected cash flows related to those financing facilities.

Due to the significance of financing facilities and the related estimation uncertainty and judgement in the impairment calculation, this was considered as a key audit matter. This is further heightened by the high degree of estimation uncertainty due to current inflationary pressures and the high-interest rate environment.

How our audit addressed the matter

Our audit procedures included the following:

- Assessing the controls over the inputs and assumptions used by the Group in developing the models, its governance and review controls performed by management in determining the adequacy of credit losses to determine if they were appropriately designed and implemented.

- For a sample of financing facilities, we assessed the Group's staging criteria, Exposure at Default ("EAD") Probability of Default ("PD") and Loss Given Default ("LGD") including the eligibility and value of collateral considered in the ECL models used by the Group and the overlays considered by management in view of the ongoing economic impacts of current inflationary pressures and the high interest rate environment, in order to determine ECL taking into consideration CBK guidelines. We also evaluated the various inputs and assumptions used by the Group's management to determine ECL.

- For the CBK rules provision requirements, we assessed the criteria for determining whether there is a requirement to calculate and disclose any credit loss in accordance with the related regulations and, if required, it has been computed accordingly. For the samples selected, which included rescheduled financing facilities, we verified whether all impairment events have been identified by the Group's management. For the selected samples which also included impaired financing facilities, we assessed the valuation of collateral and reperformed the resultant provision calculations.

- We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Al Manar Financing and Leasing Company K.S.C. (Public)
State of Kuwait

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

Other information

Management is responsible for the other information. The "Other information" section consists of the information included in the annual report of the Group for the year 2024, other than the consolidated financial statements and the auditor's report thereon. We have not received the Group's annual report, which also includes the Board of Directors' report, prior to the date of our auditor's report and we expect to receive these reports 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 mentioned above and 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 obtained prior to the date of our auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact in our report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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 be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AL MANAR FINANCING & LEASING المنار للتمويل والاجارة

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Al Manar Financing and Leasing Company K.S.C. (Public)
State of Kuwait

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than those 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 the Group's management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting. Based on the audit evidence obtained, we will determine 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 will 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 will be 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. Further, evaluate whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

Among 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 considered as a key audit matter. We disclosed these matters in our auditor's report in our audit report unless local laws or regulations preclude 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 AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Al Manar Financing and Leasing Company K.S.C. (Public)
State of Kuwait

Report on Other Legal and Regulatory Requirements

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

Furthermore, in our opinion, we report that nothing has come to our attention indicating any material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulation or of the provisions of Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and Organization of Securities Activity and its Executive Regulations, as amended, during the financial year ended 31 December 2024, that might have had a material effect on the business of the Parent Company or its consolidated financial position.

Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 20 March 2025

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 KD	2023 KD
Assets			
Cash and cash equivalents	5	1,197,734	1,874,539
Investments in Wakala receivables	6	9,347,321	9,347,321
Investment in an associate	7	11,548,041	10,882,423
Finance receivables	8	16,339,394	14,892,316
Other receivables and prepayments	9	286,268	302,675
Investments in financial securities	10	12,945,622	10,536,688
Investment properties	11	4,615,000	4,412,000
Other assets		13,633	12,272
Total assets		**56,293,013**	**52,260,234**
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable and other credit balances	12	2,766,963	1,513,613
Islamic financing payables	13	18,858,740	18,050,406
Provision for end of service indemnity		327,413	303,289
Total liabilities		**21,953,116**	**19,867,308**
EQUITY			
Share capital	14	26,374,759	26,374,759
Treasury shares	15	(116,277)	-
Treasury shares reserve		4,995	4,995
Statutory reserve	16	641,306	494,271
Voluntary reserve	17	641,306	494,271
Fair value reserve		242,374	(881,258)
Group's share in associate's reserve		(31,236)	(51,040)
Retained earnings		3,013,867	2,690,096
Equity attributable to shareholders of the Parent Company		30,771,094	29,126,094
Non-controlling interests		3,568,803	3,266,832
Total equity		**34,339,897**	**32,392,926**
Total liabilities and equity		**56,293,013**	**52,260,234**

The accompanying notes on pages 11 to 44 form an integral part of these consolidated financial statements.

Khaled Abdullah Mirza
Chairman

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

	Note	2024 KD	2023 KD
Revenues			
Finance revenues		2,178,096	2,130,073
Bargain purchase gain from additional shares / acquisition of an associate	7	35,261	1,499,231
Share of associate's results	7	844,289	222,109
Net gains from investments in financial securities	18	269,085	363,095
Income from investment properties	19	494,615	181,495
Other income	20	425,184	507,990
		4,246,530	**4,903,993**
Expenses			
Finance costs		(1,007,454)	(781,656)
Staff costs	21	(738,666)	(761,173)
Reversal / (charged) of provision for credit facilities	8	390	(115,231)
Other expenses	22	(766,963)	(756,129)
		(2,512,693)	**(2,414,189)**
Profit for the year before deductions		1,733,837	2,489,804
Kuwait Foundation for the Advancement of Sciences		(13,233)	(17,910)
National Labor Support Tax		(34,139)	(63,515)
Zakat		(13,897)	(25,266)
Net profit for the year		1,672,568	2,383,113
Attributable to:			
The Parent Company's Shareholders		1,409,084	1,883,295
Non-controlling interests		263,484	499,818
Net profit for the year		1,672,568	2,383,113
Basic and diluted earnings per share attributable to the Shareholders of the Parent Company (fils)	23	5.36	7.14

The accompanying notes on pages 11 to 44 form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or loss and Other Comprehensive Income

For the financial year ended 31 December 2024

	2024 KD	2023 KD
Net profit for the year	1,672,568	2,383,113
Other comprehensive income / (loss) items		
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:		
Changes in fair value of financial assets at FVTOCI	1,123,632	(131,656)
Items that will be reclassified subsequently to the consolidated statement of profit or loss:		
Group's share in associate's reserve	28,291	(72,914)
Other comprehensive income / (loss) for the year	1,151,923	(204,570)
Total comprehensive income	2,824,491	2,178,543
Attributable to:		
The Parent Company's Shareholders	2,552,520	1,700,599
Non-controlling interests	271,971	477,944
Total comprehensive income for the year	2,824,491	2,178,543

The accompanying notes on pages 11 to 44 form an integral part of these consolidated financial statements.

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

	Share capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Fair value reserve	Group's share in associates' reserve	Retained earnings	Total	Non-controlling interests	Total equity
	KD		KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2023 (as previously stated)	**26,374,759**	**-**	**4,995**	**295,272**	**295,272**	**(787,445)**	**-**	**1,346,334**	**27,529,187**	**-**	**27,529,187**
Impact from restatement	-	-	-	-	-	-	-	687,551	687,551	-	687,551
Balance as at 1 January 2023 (Restated)	**26,374,759**	**-**	**4,995**	**295,272**	**295,272**	**(787,445)**	**-**	**2,033,885**	**28,216,738**	**-**	**28,216,738**
Net profit for the year	-	-	-	-	-	-	-	1,883,295	1,883,295	499,818	2,383,113
Other comprehensive loss for the year	-	-	-	-	-	(131,656)	(51,040)	-	(182,696)	(21,874)	(204,570)
Total comprehensive (loss) / income for the year	-	-	-	-	-	(131,656)	(51,040)	1,883,295	1,700,599	477,944	2,178,543
Transfers on disposal of investments	-	-	-	-	-	37,843	-	(37,843)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(791,243)	(791,243)	-	(791,243)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	300,000	300,000
Non-controlling interests movement	-	-	-	-	-	-	-	-	-	2,488,888	2,488,888
Transfer to reserves	-	-	-	198,999	198,999	-	-	(397,998)	-	-	-
Balance as at 31 December 2023	**26,374,759**	**-**	**4,995**	**494,271**	**494,271**	**(881,258)**	**(51,040)**	**2,690,096**	**29,126,094**	**3,266,832**	**32,392,926**
Balance as at 1 January 2024	**26,374,759**	**-**	**4,995**	**494,271**	**494,271**	**(881,258)**	**(51,040)**	**2,690,096**	**29,126,094**	**3,266,832**	**32,392,926**
Net profit for the year	-	-	-	-	-	-	-	1,409,084	1,409,084	263,484	1,672,568
Other comprehensive income for the year	-	-	-	-	-	1,123,632	19,804	-	1,143,436	8,487	1,151,923
Total comprehensive income for the year	-	-	-	-	-	1,123,632	19,804	1,409,084	2,552,520	271,971	2,824,491
Purchase of treasury shares	-	(116,277)	-	-	-	-	-	-	(116,277)	-	(116,277)
Cash dividends (Note 26)	-	-	-	-	-	-	-	(791,243)	(791,243)	-	(791,243)
Non-controlling interests movement	-	-	-	-	-	-	-	-	-	30,000	30,000
Transfer to reserves	-	-	-	147,035	147,035	-	-	(294,070)	-	-	-
Balance as at 31 December 2024	**26,374,759**	**(116,277)**	**4,995**	**641,306**	**641,306**	**242,374**	**(31,236)**	**3,013,867**	**30,771,094**	**3,568,803**	**34,339,897**

The accompanying notes on pages 11 to 44 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows)

For the For the financial year ended 31 December 2024

	Note	2024 KD	2023 KD
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		1,672,568	2,383,113
Adjustments for:			
Bargain purchase gain from additional shares / acquisition of an associate	7	(35,261)	(1,499,231)
Share of associate's results	7	(844,289)	(222,109)
(Reversal) / charged of provision for credit facilities	8	(390)	115,231
Depreciation, amortization and impairment		5,247	51,719
Change in fair value of investment properties	11&19	(203,000)	98,000
Net gains from investments in financial securities	18	(269,085)	(363,095)
Finance costs		1,007,454	781,656
Provision for end of service indemnity		50,039	23,795
		1,383,283	**1,369,079**
Change in working capital			
Finance receivables		(1,446,688)	(23,068)
Other receivables and prepayments		16,407	51,811
Accounts payable and other credit balances		553,547	(183,301)
Payment of end of service indemnity		(25,915)	(37,831)
Net cash flow from operating activities		**480,634**	**1,176,690**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial securities at FVTPL		(61,120)	-
Proceeds from redemption of financial securities at FVTPL		70,052	99,011
Purchase of financial securities at FVTOCI		(343,508)	(33,344)
Proceeds from sale of financial securities at FVTOCI		-	443,799
Proceeds at maturity / redemption of financial securities at amortized cost		64,628	31,424
Payment for purchase of additional shares / acquisition of associate	7	(225,178)	(9,233,997)
Dividends income received from an associate	7	467,401	-
Purchase of other assets		(6,608)	(4,672)
Purchase consideration on paid on acquisition of subsidiary	3.1	(150,000)	-
Dividends income received	18	162,710	165,293
Net cash flows used in investing activities		**(21,623)**	**(8,532,486)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Islamic financing payables		8,345,500	11,083,700
Payment for Islamic financing payables		(7,537,166)	(4,042,326)
Purchase of treasury shares		(116,277)	-
Payment for capital reduction		(66,401)	(192,058)
Proceeds from non-controlling interests		30,000	2,488,888
Finance costs paid		(1,007,454)	(781,656)
Cash dividends paid		(784,018)	(760,040)
Net cash flows (used in) / generated from financing activities		**(1,135,816)**	**7,796,508**
Net (decrease) / increase in cash and cash equivalents		**(676,805)**	**440,712**
Cash and cash equivalents at the beginning of the year		**1,874,539**	**1,433,827**
Cash and cash equivalents at the end of the year	5	**1,197,734**	**1,874,539**

The accompanying notes on pages 11 to 44 form an integral part of these consolidated financial statements.

1. INCORPORATION AND ACTIVITIES

Al Manar Financing and Leasing Company K.S.C. (Public) ("the Parent Company") was incorporated in the State of Kuwait in 2003 by the authorized memorandum of incorporation no. 4857 volume 1 dated 6 October 2003.

The Parent Company's shares were registered on Boursa Kuwait on 11 February 2019.

The main activities of the Parent Company and its subsidiaries (together referred to as "the Group") are all financing and investing activities according to the Islamic Shari'a principles.

The main objectives of the Parent Company are as follows:
- Provide all credit facilities operations for consumers.
- Provide all leasing services, such as operating or financing lease.
- Mobilization of resources for finance under leasing and arrange collective finance operations for leasing.
- Financing consumer goods through Murabaha, Musawma or any other contracts.
- Real estate investment operations, including development of residential land and construction of housing and commercial units and complexes & warehouses intent to sell and lease.
- Investing in real estate, industrial, agricultural and other economic sectors by contributing to the establishment of specialized companies or purchase of shares of these companies.
- Representing or acquiring of national and foreign companies carrying on Parent Company objectives, for the purpose of trading its financial products and services locally and abroad with no violation to Islamic Sharia and the related Kuwaiti laws and regulations.
- Investment controller.

In general, the Parent Company can carry out all the businesses and services that fall within the jurisdiction of investment companies and that comply with the provisions of Islamic Sharia. The Parent Company may have an interest or participate in any way with the bodies that carry out business similar to its business or that may assist it in achieving its purposes in Kuwait or abroad, and it may establish, participate in, purchase or attach these bodies to it.

The Parent Company is subject to instructions and monitoring by the Central Bank of Kuwait & Capital Markets Authority.

The consolidated financial statements for the financial year ended 31 December 2024 includes the financial statements of the Parent Company and its subsidiaries (together referred to as “the Group”) (Note 3.1).

The Parent Company is registered in the Commercial Registry under. No. 97054 dated 2 November 2003.

The Parent Company’s registered address is: P.O. Box 22828, Safat 13089, Kuwait.

The consolidated financial statements were authorised for issuance by the Parent Company’s Board of Directors on 20 March 2025 and are subject to the approval of the Shareholders’ Annual General Assembly. The Shareholders of the Parent Company have the power to amend these consolidated financial statements after issuance at the Shareholders’ Ordinary General Assembly.

1. INCORPORATION AND ACTIVITIES (CONTINUED)

1.1 Basis of preparation

The consolidated financial statements have been 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 and investment properties that are measured at fair value.

These consolidated financial statements have been presented in Kuwaiti Dinars (“KD”), which is the functional and presentation currency of the Group.

1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with the regulations relating to financial services institutions as issued by the Central Bank of Kuwait ("CBK") and Capital Market Authority ("CMA") in the State of Kuwait. These regulations require measurement of expected credit losses according to the expected credit losses of credit facilities in accordance with IFRS 9 in compliance with the instructions of the Central Bank of Kuwait or the required provisions according to the instructions of the Central Bank of Kuwait, whichever is higher, and the resulting impact on the relevant disclosures, and the application of all other requirements of IFRS Accounting standards issued by the International Accounting Standards Board (together referred to as "International Financial Reporting Standards Accounting applicable for use in the State of Kuwait").

The preparation of consolidated financial statements in compliance with adopted IFRS Accounting Standards requires the use of certain material accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas of material estimates and assumptions made in preparing the consolidated financial statements and their effect are disclosed in (Note 4).

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

a) New standards, interpretations, and amendments effective from 1 January 2024

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and revised International Financial Reporting Standards, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated).

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

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

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

a) New standards, interpretations, and amendments effective from 1 January 2024 (Continued)

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

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

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

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

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

b) New standards, interpretations and amendments not yet effective (CONTINUED)

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

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

Amendments to IFRS 9 - Financial instruments and IFRS 7 - Financial instruments: Disclosures
In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

a. clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system,
b. clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion,
c. add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), and
d. update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS Accounting Standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.
The Group does not expect to be eligible to apply IFRS 19.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any intra-group balances and transactions, and any realised gains, losses, expenses, income and balances arising from intra-group transactions, are eliminated in preparing these consolidated financial statements.

Name of subsidiary	Country of incorporation	Principal Activities	Ownership (%) 2024	Ownership (%) 2023
Manarat Tasaheel Real Estate Company W.L.L.	State of Kuwait	Real Estate activities	100	100
AI-Manar Express for Marketing Consulting Company W.L.L.	State of Kuwait	Consulting activities	100	100
Al- Manar Watania for Administrative Consulting Company W.L.L.	State of Kuwait	Consulting activities	100	100
Al Jawhara Company for Buying and Selling Shares & Bonds W.L.L.	State of Kuwait	Investments	70	70
Sidra National Real Estate Consulting Company S.P.C.*	State of Kuwait	Real Estate Consulting	100	-

The consolidated financial statements include the financial statements of Al Manar Financing and Leasing Company K.S.C. (Public) and its subsidiaries as follows:
Total assets of the subsidiaries are KD 17,473,779 (2023: KD 15,394,230), and their profits during the year ended 31 December 2024 are KD 1,118,213 (2023: KD 1,689,112).

* During the current year, Al Manar Financing and Leasing Company "the Parent Company" has acquired 100% in the share capital of Sidra National Real Estate Consulting Company S.P.C. "the Subsidiary Company" amounting to KD 10,000. The subsidiary Company was acquired against purchase amounting to KD 900,000.

According to the contract concluded with the seller, an amount of KD 150,000 was paid out of the total purchase price and an amount of KD 750,000 which was included in the consolidated financial statements under accounts payable and other credit balances (Note 12) will be paid in 5 equal annual installments.

The acquisition has been accounted for in accordance with IFRS 3 Business Combinations ("IFRS 3") using the acquisition method. The Group, assisted by an external expert, has completed the Purchase Price Allocation (“PPA”) exercise during the year ended 31 December 2024. The acquisition did not result in any goodwill or intangible assets since purchase consideration was equivalent to the fair value of identifiable assets of the acquired subsidiary.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.1 Basis of consolidation (Continued)

The net fair values of assets acquired after completion of PPA exercise during the year are summarized as follows:

	KD
Financial assets at fair value through other comprehensive income	900,000
Fair value for net identifiable assets	900,000
Group share of net identifiable assets (100%)	900,000
Less: purchase consideration	(900,000)
	-

Subsidiaries are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- Has power over the investee.
- Is exposed, or has rights, to variable returns from its involvement with the investee.
- Has the ability to use its power to affect the investee's returns.

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

When the Group holds a percentage less than the majority of voting rights in the investee, it shall have the power over the investee in case of its voting rights have the sufficient practical ability to direct the relevant activities of the investee. In determining the adequacy of the investee voting rights, the Group considers all relevant facts and circumstances, including:

- The Group's voting rights in proportion to distribution of the voting rights attributable to others.
- The potential voting rights held by the Parent Company, holders of other votes or other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicate to the financial ability of the Parent Company to direct the relevant activities when the decision is taken, including the patterns of voting in the previous meetings of Shareholders.

3.2 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred or assumed by the Group to the former stakeholders of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Acquisition-related costs are generally recognised in consolidated statement of profit or loss as incurred.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.2 Business combination (Continued)

At the acquisition date, the assets and liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37, provisions, contingent liabilities and assets, as appropriate, with the corresponding gain or loss being recognised in the consolidated statement of profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in consolidated statement of profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.2 Business combination (Continued)

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the consolidated statement of profit or loss and other comprehensive income are reclassified to consolidated statement of profit or loss where such treatment would be appropriate if that interest was disposed of.

3.3 Financial instruments

3.3.1 Financial assets

i. Classification and measurement of financial assets

Financial assets carried at amortised cost

The financial assets are measured at amortised cost if both of the following conditions are met and are not designated at fair value through profit or loss:

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

Subsequent Measurement

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

The financial assets at amortised cost consist of "cash and cash equivalents", "investments in wakala receivables", "finance receivables", "other receivables and prepayments" and "investments in financial securities – debt sukuk".

Cash and cash equivalents

Cash and cash equivalents item comprise of cash at banks and portfolios, cash on hand and wakala with banks due within three months period.

Investmenst in wakala receivables

Represents of wakala with banks due within more than three months from the placement date.

Finance receivables

finance receivables are represented in an agreement under which the Group provides a client with an amount of money to be invested according to specified conditions against fixed return. The client is liable for repaying the amount in case of default, negligence or violation of any conditions of finance.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.1 Financial assets (Continued)

i. Classification and measurement of financial assets (Continued)

Other receivables and prepayments
Other receivables and prepayment recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the expected credit losses (if any).

investment in financial securities – debt sukuk".
Represent a debt instrument which is held for the collection of contractual cash flows where those cash flows represent solely payments of principle and profit.

Effective interest rate method
The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Equity investment at fair value through profit or loss
All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. 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 financial asset recognised at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not recognised at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement
These assets are subsequently measured at fair value. Net profits and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss.

Equity investment at fair value through other comprehensive income
On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Subsequent Measurement
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Other net profits and losses are recognised in other comprehensive income and are never reclassified to the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.2 Financial assets (Continued)

ii. Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For finance recivables, impairment shall be recognized 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.

Expected credit losses under IFRS 9 according to CBK Guidelines
Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status, and age of relationship. where applicable.

In applying this forward-looking approach, the Group applies a three stages assessment to measuring ECL as follows:

• Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk.

• Stage 2 (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.

• Stage 3 (credit impaired) - financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

In assessing whether the credit quality on a financial instrument has deteriorated significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the economic sector in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.1 Financial assets (Continued)

ii. Impairment of financial assets

Expected credit losses under IFRS 9 according to CBK Guidelines (Continued)

'12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stage 2 and 3. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

The Group considers the financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Provisions for credit losses in accordance with the CBK instructions
The Group is required to calculate provisions for credit losses on finance receivables in accordance with the CBK instructions with respect to credit facilities and the 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 preapproved limits. A credit facility is classified as past due and impaired when the interest 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 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 provision
Watch list	Irregular for a period 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. 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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.1 Financial assets (Continued)

ii. Impairment of financial assets (Continued)

Expected credit losses under simplified approach
For accounts receivable and other assets, the Group applies the standard's simplified approach and calculates ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. 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 customers and the economic environment.

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

3.3.2 Financial liabilities

Initial recognition and measurement
Financial liabilities are classified as either financial liabilities at fair value through profit or loss or loans. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value. Borrowings are recognised initially at fair value, net of transaction costs incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In that case, fees shall be posted until the withdrawal is carried out.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Classification and subsequent measurement
The Group's financial liabilities include "Islamic fianace payable" and "accounts payable and other credit balances".

Islamic financing payables
Islamic financing payables is initially recognised at the value received from contracts. After initial recognition, Murabaha payable is measured at amortised cost using the effective interest rate method. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating cost over the relevant period. The effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.2 Financial assets (Continued)

Classification and subsequent measurement (*Continued*)

Accounts payable and other credit balances
Liabilities are recognised for the amount to be paid in the future for goods or services received, whether billed or not. Accounts payables and other credit balances are subsequently measured at amortised cost using the effective yield method.

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

Offsetting
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.

3.4 Associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognises its share in business results of the associate in the consolidated statement of profit or loss. Moreover, the Group recognises its share of the changes in the associate’s other comprehensive income in its other comprehensive income.

Losses of an associate in excess of the Group’s interest in that associate (including any long-term interests that, in substance, form part of the Group’s net investment in the associate) are not recognised except to the extent that the Group has an obligation or has made any payments on behalf of the associate.

Any excess of the cost of acquisition over the Group share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying value of the investment in associates. It is assessed as a part of the investment in order to determine the impairment. If the cost of acquisition is lower than the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognised immediately in the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.4 Associates (Continued)

The Group determines, at each reporting date, whether there is an indication that the investment in the associate may be impaired and determining whether it is necessary to recognise any impairment in the investment. If any such indication exists, an impairment loss is determined for the entire carrying amount of the investment. The Group calculates the impairment amount as the difference between the recoverable amount of the associate and its carrying amount. Such amount is recognised in the consolidated statement of profit or loss. Any reversal of the impairment is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group measures and recognises any investments held at the fair value upon loss of significant influence on the associate. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

3.5 Investment properties

Investment properties include current properties, properties under construction or redevelopment held for gaining rentals or increase in the market value or both. Investment properties are initially recognised at cost, which contains purchase price and its related transaction costs. Subsequent to initial recognition, investment properties are recognised at fair value at the financial period end date. Profits or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they arise.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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. Profits or losses arising on the disposal or termination of an investment property are recognised in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of its development for selling purposes.

If a property being used by the owner is transferred to investment property, the Group will account for such property as per the applicable accounting policy for property, plant and equipment up to date of the usage change and transfer.

3.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacements of assets are capitalised.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in consolidated statement of profit or loss in the period in which they occur.

Depreciation of property and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

Assets		Years
Vehicles		5
Equipment		5
Office furniture		5

The useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

3.7 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually. Whenever there is an indication that the asset may be impaired, its recoverable amount is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

3.7 Impairment of non-financial assets (Continued)

For a non-financial asset, other than goodwill, in which impairment subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of consolidated statement of profit or loss.

3.8 Provision for end of service indemnity

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

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

3.9 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. Treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, profits are credited to a separate account in Shareholders' equity "treasury shares reserve" which is not 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, reserves, and then share premium respectively.

3.10 Treasury shares

Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and treasury shares reserve respectively. No cash dividends are paid on these shares. 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.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's Shareholders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's Shareholders.

3.11 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are expensed in consolidated statement of profit or loss in the period in which they are incurred

3.12 Revenue recognition

Revenues are measured based on the consideration to which it is expected by the Group to be entitled through the contract with customer as the amounts that have been collected on behalf of the other parties are excluded. Revenues are recognised when the control over goods or services is transferred to the customer.

Control shall be transferred at a specific time if any of the criteria required for transferring goods or service is not met over a period of time. The following items should be considered by the Group whether or not control is transferred:
- The Group shall have immediate right in payments against the asset.
- The customer shall have a legal right in the asset.
- The Group shall transfer the physical possession to the asset.
- The customer shall have the significant risks and benefits of ownership of the asset.
- The customer shall accept the asset.

Group's revenue streams arise from the following activities:

Finance income
Finance income is recognized on a time proportion basis to yield a constant periodic rate of return based on the net balance outstanding.

Rental income
Rental income is recognised when earned, on a time apportionment basis.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.12 Revenue recognition (Continued)

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

Other income
Other income is recognised on accrual basis.

3.13 Leases

The Group as a lessor
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Other lease contracts are classified as financing leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease
Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as a lessee
The Group assesses at contract inception whether a contract is, or contains, a lease. The Group recognises right-of use assets and the lease liabilities regarding all lease arrangements when it acts as the lessee.

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

3.14 Taxes

Contribution to National Labour Support Tax (NLST), Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat
Contribution to NLST, KFAS, and Zakat represent levies/taxes imposed on the Parent Company at fixed percentage of profit for the year less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent levies/taxes regulations, no carry forward of losses is permitted and there are no significant differences between the levies/taxes bases of assets and liabilities and their carrying amounts for the purposes of the consolidated financial statements.

Statutory levy/Tax	*Percentage*
National Labour Support Tax	2.5% of net profit, less permitted deductions
Contribution to Kuwait Foundation for the Advancement of Sciences	1% of net profit, less permitted deductions.
Zakat	1% of net profit, less permitted deductions.

3.15 Foreign currencies translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The Group's consolidated financial statements have been prepared and presented in Kuwaiti Dinars, which is the Group's presentation currency.

Transactions and balances
Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. At each consolidated statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the consolidated statements financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in the consolidated statement of profit or loss and other comprehensive income. For such non-monetary items, any exchange component of such profit or loss is also recognised directly in the consolidated statement of profit or loss and other comprehensive income.

Foreign operations
The assets and liabilities of the Group's foreign operations are expressed in KD using exchange rates prevailing at the consolidated statement of financial position date. Income and expense items are translated into the Group's presentation currency at the average rate over the consolidated reporting period.

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

3.15 Foreign currencies translation (Continued)

3.16 Contingencies

Contingent liabilities are not recognised in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. However, the contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

3.17 Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are disclosed in a manner consistent with the internal reporting reviewed by the chief operating decision-maker, i.e. the person being responsible for allocating resources, assessing performance and making strategic decisions on the operating segments

4. MATERIAL ACCOUNTING JUDGMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS

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

Material accounting judgments

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

Classification of financial instruments
On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets.

Revenue recognition
Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Determination whether matching the criteria of revenue recognition in accordance with IFRS 15 and IFRS 16 and the policy of revenue recognition disclosed in (Note 3.12) require significant judgments.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS (CONTINUED)

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

Impairment losses on financing receivables – as per CBK guidelines
The Group reviews its loans and advances on a regular basis to assess whether an impairment loss should be recorded in the consolidated statement of profit or loss. In particular, considerable judgment 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 judgment and uncertainty.

Valuation of unquoted financial assets
Valuation of unquoted equity investments is normally based on one of the following recent market transactions:

- Recent arm's length market transactions.
- Current fair value of other instruments that are substantially the same.
- Earnings multiples.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Price to book value model.
- Other valuation models.

The determination of the cash flows, earnings multiple, price to book value multiple and discount factors for unquoted shares requires significant estimation.

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group's management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset or a liability, the management uses market observable data to the extent it is available. In case no market observable data are available, the Group shall assign an external qualified valuer to carry out the valuation process.

Valuation of investment properties
The Group carries its investment properties at fair value where changes in the fair value are recognised in the consolidated statement of profit or loss, three basic methods are used for determining the fair value of the investment properties:

a) Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS (CONTINUED)

Estimation uncertainty and assumptions (Continued)

Valuation of investment properties (Continued)

b) Income capitalisation: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of profit from the property as per market inputs, which is known as capitalisation rate.

c) Comparative analysis: using values of actual deals transacted recently by other parties for properties in a similar location and condition and relying on expertise of independent real estate appraiser.

Useful lives of property and equipment
As described in the accounting policies, the Group reviews the estimated useful lives over which its property and equipment are depreciated. The Group's management is satisfied that the estimates of useful lives are appropriate.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

5. CASH AND CASH EQUIVALENTS

	2024	2023
	KD	KD
Cash at banks and portfolios	896,734	1,073,539
Wakala with bank (less than 3 months)	300,000	800,000
Cash on hand	1,000	1,000
	1,197,734	**1,874,539**

As at 31 December 2024, the effective yield rate on Wakala is 3.875% (31 December 2023: 4.6%) per annum. Expected credit losses amounted to KD 616 as at 31 December 2024 (2023: KD 616).

6. INVESTMENTS IN WAKALA RECEIVABLES

Investments in Wakala receivables have been deposited at local financial institutions according to Wakala contracts. The effective yield on those contracts is 4.125% - 4.25% (2023: 4.125% - 4.5%) per annum.

Expected credit losses amounted to KD 17,679 as at 31 December 2024 (2023: KD 17,679).

Investments in Wakala receivables included amount of KD 9,347,321 (2023: KD 9,347,321) that have been pledged against Islamic financing payable (Note 13).

7. INVESTMENT IN AN ASSOCIATE

The movement during the year is as follows:

Name of associate	Country of Incorporation	Ownership (%) 2024	Ownership (%) 2023	Carrying amount 2024 KD	Carrying amount 2023 KD	Principal activities
Injazzat Real Estate Development Company K.S.C.P.	Kuwait	28.294	27.629	11,548,041	10,882,423	Real Estate

The movement during the year is as follows:

	2024	**2023**
	KD	KD
Balance as at the beginning of the year	10,882,423	-
Additions / Purchase consideration	225,178	9,233,997
Bargain purchase gain from additional shares / acquisition of an associate	35,261	1,499,231
Share of reserves	28,291	(72,914)
Group's share of results for the year	844,289	222,109
Dividends received	(467,401)	-
Balance as at the end of the year	11,548,041	10,882,423

During the current year, the Group acquired an additional 0.665% interests in the above associate, increasing its ownership interests to 28.294% for a total cash consideration of KD 225,178. A bargain purchase of KD 35,261 has been recognized as a result of this additional acquisition which has been included in the consolidated statement of profit or loss.

The Group has recognised the share of results from "Injazzat Real Estate Development Company K.S.C. (Public)" based on issued consolidated financial statements as at 31 December 2024.

As at 31 December 2024, the fair value of the Group's interest in "Injazzat Real Estate Development Company K.S.C. (Public)" based on the closing price as reported by Boursa Kuwait amounted to KD 9,668,688 (2023: KD 8,132,778).

7. INVESTMENT IN AN ASSOCIAT (CONTINUED)

The management engaged an external valuer to assess the recoverable amount of the associate as at the date of the consolidated financial statements. The assessment indicates that the recoverable amount of the Group's investment in the associate is KD 11,947,768 which is higher than its carrying value as at the date of the consolidated financial statements, and accordingly no impairment loss has been recorded.

Summarized financial information of lnjazzat Real Estate Development Company K.S.C. (Public) as at 31 December is as follows:

	2024 KD	2023 KD
Current assets	14,080,123	10,804,648
Non-current assets	87,402,571	91,925,228
Current liabilities	(3,611,358)	(6,306,068)
Non-current liabilities	(37,511,054)	(37,490,323)
	60,360,282	58,933,485
Fair value adjustments *	(19,545,832)	(19,545,832)
Net assets of the associate	40,814,450	39,387,653

* The fair value adjustments represent in the excess of the Group's share of the net carrying value over the net fair value of the associate's identifiable assets and liabilities at the date of acquisition.

	2024 KD	2023 KD
Rental income	2,916,036	777,408
Profit for the year	3,017,857	803,899
Other comprehensive income / (loss) for the year	100,643	(263,903)
Total comprehensive income for the year	3,118,500	539,996

	2024 KD	2023 KD
Net assets of the associate	40,814,450	39,387,653
Ownership (%)	28.294	27.629
Carrying value	11,548,041	10,882,423

8. FINANCE RECEIVABLES

	2024 KD	2023 KD
Finance receivables	22,147,551	20,420,126
Less: deferred and suspense revenues	(3,021,519)	(2,740,782)
Less: provision for credit facilities	(2,786,638)	(2,787,028)
Finance receivables – net	16,339,394	14,892,316

8. FINANCE RECEIVABLES (CONTINUED)

Expected credit losses on credit facilities determined under IFRS 9 according to CBK guidelines amounted to KD 2,786,638 as at 31 December 2024 (2023: KD 2,787,028), which is equal to the provision for credit facilities required by CBK instructions of KD 2,768,638 (2023: KD 2,787,028).

The movement in gross credit facilities is as follows:

	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Balance at 1 January 2023	15,047,533	1,765,319	3,537,597	20,350,449
Net financing/ (collection)	1,563,090	(825,951)	(667,462)	69,677
Transfer from/ to Stage 1	(1,115,118)	689,597	425,521	-
Transfer from/ to Stage 2	176,898	(572,143)	395,245	-
Balance at 31 December 2023	15,672,403	1,056,822	3,690,901	20,420,126
Net financing/ (collection)	2,890,037	(891,299)	(271,313)	1,727,425
Transfer from/ to Stage 1	(704,761)	489,238	215,523	-
Transfer from/ to Stage 2	-	(38,930)	38,930	-
Balance at 31 December 2024	17,857,679	615,831	3,674,041	22,147,551

The movement in the provision for expected credit losses effected is as follows:

	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Balance at 1 January 2023	68,363	66,268	2,537,166	2,671,797
Credit losses charged / (reversed) during the year	3,780	(21,315)	132,766	115,231
Transfer from/ to Stage 1	(6,823)	3,482	3,341	-
Transfer from/ to Stage 2	4,733	(27,952)	23,219	-
Balance at 31 December 2023	70,053	20,483	2,696,492	2,787,028
Credit losses charged / (reversed) during the year	11,646	15,685	(27,721)	(390)
Transfer from/ to Stage 1	(4,568)	3,465	1,103	-
Transfer from/ to Stage 2	-	(3,442)	3,442	-
Balance at 31 December 2024	77,131	36,191	2,673,316	2,786,638

The movement in the provision for credit facilities required by CBK instructions effected is as follows:

	2024 KD	2023 KD
Balance at 1 January	2,787,028	2,671,797
Provision (reversal) / charged during the year	(390)	115,231
Balance at 31 December	2,786,638	2,787,028

The average effective yield rate on finance receivables for the year ended 31 December 2024 is 6.94% (2023: 6.60%) per annum.

8. FINANCE RECEIVABLES (CONTINUED)

The Group holds guarantee of KD 2,126,142 at 31 December 2024 (2023: KD 2,346,172) as collateral over its finance receivable.

9. OTHER RECEIVABLES AND PREPAYMENTS

	2024 KD	2023 KD
Staff advances	15,813	30,228
Accrued income	144,033	169,687
Others	126,422	102,760
	286,268	302,675

10. INVESTMENTS IN FINANCIAL SECURITIES

	2024 KD	2023 KD
Financial assets at fair value through profit or loss (“FVTPL”)		
Quoted foreign funds	1,417,484	1,278,938
Quoted local shares	64,881	66,583
Unquoted foreign funds	575,818	545,279
Unquoted local shares	316,800	374,400
Unquoted foreign shares	118,300	130,640
	2,493,283	**2,395,840**
Financial assets at fair value through other comprehensive income (“FVTOCI”)		
Quoted local shares	5,353,458	4,094,883
Quoted foreign shares	672,248	708,079
Unquoted local shares	900,000	-
Unquoted foreign shares	1,482,207	1,237,811
	8,407,913	**6,040,773**
Financial assets at amortized cost		
Debt sukuks – quoted at foreign stock exchanges	2,044,426	2,100,075
	2,044,426	**2,100,075**
	12,945,622	**10,536,688**

Investments in financial securities with carrying value of KD 10,063,434 (2023: KD 8,727,254) that have been pledged against Islamic financing payable (Note 13).

Fair value of financial assets was disclosed in (Note 29).

11. INVESTMENT PROPERTIES

The movement in the investment properties is as follows:

	2024 KD	2023 KD
Balance as at the beginning of the previous year (as previously stated)	-	3,822,449
Impact from restatement	-	687,551
Balance as at the beginning of the previous year (restated)	-	4,510,000
Balance as at the beginning of the current year	4,412,000	-
Change in fair value	203,000	(98,000)
Balance as at the end of the year	4,615,000	4,412,000

Investment properties are located in State of Kuwait.

The fair value of the Group's investment properties was determined as at 31 December based on the valuation carried out at the consolidated financial statements date by independent valuers, one of them is a bank. In addition, the management has adopted the lower valuation in the consolidated financial statements.

There are investment properties with carrying value of KD 4,495,000 (2023: KD 4,292,000) that have been pledged against Islamic financing payable (Note 13).

Investment properties that have been valued using capitalised income approach were classified within level 3 in the fair value hierarchy (Note 29).

12. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	2024 KD	2023 KD
Trade payables	735,996	433,668
Capital reduction payables	106,614	173,015
Accrued salaries and other staff accruals	320,978	316,806
Payable against on acquisition of subsidiary (note 3.1)	750,000	-
Dividends payable	149,644	142,419
NLST	34,139	63,515
Zakat	13,897	25,266
KFAS*	13,233	17,910
Others	642,462	341,014
	2,766,963	**1,513,613**

12. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES (CONTINUED)

*The following is the movement on the outstanding contribution of the Kuwait Foundation for the Advancement of Sciences (KFAS):

	2024 KD	2023 KD
Balance at the beginning of the year	17,910	13,919
Charge during the year	13,233	17,910
Paid during the year	(17,910)	(13,919)
Balance at the end of the year	13,233	17,910

13. ISLAMIC FINANCING PAYABLES

Islamic financing payables are obtained from local and foreign banks and are denominated in KD and USD. The average cost as at 31 December 2024 is 5.10% - 5.50% and 4.91% - 6.39% for local and foreign banks, respectively (2023: 5.375% - 5.50% and 5.285% - 7.66% for local and foreign banks, respectively) per annum.

Islamic financing payables are guaranteed against pledge of the following assets:

	2024	2023
	KD	KD
Investments in Wakala receivables (Note 6)	9,347,321	9,347,321
Assigning receivables – gross	1,545,135	2,513,931
Investment properties (Note 11)	4,495,000	4,292,000
Investment in financial securities (Note 10)	10,063,434	8,727,254

14. SHARE CAPITAL

The parent company's authorized, issued and fully paid up share capital amounted to KD 26,374,759 divided into 263,747,591 shares (31 December 2023: KD 26,374,759 divided into 263,747,591 shares) with a nominal value of 100 fils each and all shares are in cash.

15. TREASURY SHARES

	2024	2023
	KD	KD
Number of treasury shares (share)	1,993,185	-
Percentage of issued shares	0.756%	-
Market value (KD)	138,526	-
Cost (KD)	116,277	-

16. STATUTORY RESERVE

As required by the Companies' Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to Shareholders of the Parent Company before calculation of the contribution to NLST, KFAS, Zakat and Board of Directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the statutory reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

It is not allowed to distribute statutory reserve to Shareholders; it is only allowed to use it to distribute profits to Shareholders up to 5% of paid-up share capital in the years when retained earnings are not sufficient for the payment of a dividend of that amount.

17. VOLUNTARY RESERVE

As required by the Parent Company's Article of Association, a percentage of the profit for the year attributable to Shareholders of the Parent Company before calculation of the contribution to NLST, KFAS, Zakat and Board of Directors' remuneration. Voluntary reserve should be transferred based on the Board of Directors' recommendation that is subject to approval of the General Assembly of the Parent Company's Shareholders. Such annual transfers may be discontinued by the Parent Company based on a resolution of the Shareholders' General Assembly upon recommendation by the Board of Directors.

18. NET GAINS FROM INVESTMENT IN FINANCIAL SECURITIES

	2024 KD	2023 KD
Financial assets at fair value through profit or loss ("FVTPL")		
Change in fair value	106,375	197,802
Dividends income	50,059	52,409
	156,434	**250,211**
Financial assets at fair value through other comprehensive income ("FVTOCI")		
Dividends income	112,651	112,884
	269,085	**363,095**

19. INCOME FROM INVESTMENT PROPERTIES

	2024 KD	2023 KD
Rental income	291,615	279,495
Change in fair value of investment properties	203,000	(98,000)
	494,615	**181,495**

20. OTHER INCOME

	2024 KD	2023 KD
Financing fees income	98,640	106,428
Bad Debts collection income*	260,689	201,418
Others	65,855	200,144
	425,184	**507,990**

* During the current year, the Group recovered an amount of KD 260,689 (2023: KD 201,418) from the written off finance receivables which has been included in the other income in the consolidated statement of profit or loss.

21. STAFF COSTS

	2024 KD	2023 KD
Salaries and benefits	622,480	673,893
Provision for end of service indemnity	50,039	23,795
Leave accruals	16,709	7,725
Others	49,438	55,760
	738,666	**761,173**

22. OTHER EXPENSES

	2024 KD	2023 KD
Professional and legal expenses	82,349	146,838
Depreciation and amortization – equipment and software	5,247	32,528
Subscription and licensing fees	28,968	64,041
Board of Directors Committees' remunerations	61,000	61,000
Real estate expenses	52,659	60,396
Others	536,740	391,326
	766,963	**756,129**

23. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

Basic and diluted earnings per share is computed by dividing the net profit for the year attributable to Shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). There are no potential dilutive ordinary shares.

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding during the year is as follows:

23. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY (CONTINUED)

	2024 KD	2023 KD
Net profit for the year attributable to the Shareholders of the Parent Company ("KD")	1,409,084	1,883,295
Number of the Parent Company's outstanding shares (share)	263,747,591	263,747,591
Less: weighted average number of the Parent Company's treasury shares (share)	(955,688)	-
Weighted average number of the Parent Company's outstanding shares excluding treasury shares (share)	262,791,903	263,747,591
Basic and diluted earnings per share attributable to the Shareholders of the Parent Company (fils)	5.36	7.14

24. RELATED PARTIES' TRANSACTIONS

Related parties represent major shareholders, directors and senior management personnel of the Group, and Companies controlled, or significantly influenced by such parties. The pricing policies and conditions for these transactions are approved by the Group's management.

The significant related parties' balances and transactions included in the consolidated financial statements are as follows:

	2024 KD	2023 KD
Balances:		
Finance receivables (gross)	2,481,130	2,628,420
Key management's benefits payable	273,568	271,669
Advance to staff	6,709	16,076
Board of Directors committees' remunerations payables	61,000	61,000

	2024	2023
	KD	KD
Transactions:		
a) Remuneration of key management personal Staff costs	291,025	347,543
b) Board of Directors committees' remunerations	61,000	61,000
c) Finance revenue	152,760	82,190

25. SEGMENTAL INFORMATION

The Group is organised into functional divisions to manage its various lines of business. For the purposes of segment reporting, the Group's management has grouped its activities into the following business segments:

25. SEGMENTAL INFORMATION (CONTINUED)

- Finance
- Investments
- Others

	2024			
	Finance	Investments	Others	Total
	KD	KD	KD	KD
Segment revenues	2,255,727	1,924,948	65,855	4,246,530
Segment expenses	(826,409)	(599,414)	(1,086,870)	(2,512,693)
Segment results	1,429,318	1,325,534	(1,021,015)	1,733,837
Segment assets	22,103,213	33,626,875	562,925	56,293,013
Segment liabilities	11,043,286	9,301,450	1,608,380	21,953,116

	2023			
	Finance	Investments	Others	Total
	KD	KD	KD	KD
Segment revenues	2,305,546	2,398,303	200,144	4,903,993
Segment expenses	(901,465)	(432,236)	(1,080,488)	(2,414,189)
Segment results	1,404,081	1,966,067	(880,344)	2,489,804
Segment assets	21,318,777	30,306,112	635,345	52,260,234
Segment liabilities	9,458,699	9,025,375	1,383,234	19,867,308

26. ANNUAL GENERAL ASSEMBLY / BOARD OF DIRECTORES' PROPASALS

The Parent Company's Shareholders' Ordinary General Assembly Meeting held on 8 May 2024 approved the consolidated financial statements of the Group for the financial year ended 31 December 2023 and approved to distribute cash dividends of 3% of the paid-up capital (3 fils per share) for the year ended 31 December 2023. Also, not to pay remuneration to the Board of Directors.

At the meeting held on 20 March 2025, the Board of Directors have proposed to distribute cash dividends of 3% of the paid-up capital (3 fils per share) after disposal of treasury shares for the year ended 31 December 2024. Also, not to pay remuneration to the Board of Directors. These proposals are subject to the approval of Shareholders Annual General Assembly.

27. CONTINGENT LIABILITIES

As at the consolidated financial position date, the Group has contingent liabilities in respect of the following, from which it is anticipated that no material liability will arise.

	2024	2023
	KD	KD
Letters of guarantee	5,000	5,000

28. CAPITAL MANAGEMENT AND FINANCIAL RISKS

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders and to provide an adequate return to Shareholders by pricing products and services commensurately with the level of risk.

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

The Group monitors capital on the basis of gearing ratio, which is calculated by net debt value divided by total invested capital. Net debt is calculated as the total debt less cash and cash equivalents. Total capital invested is calculated as the total equity and net debt.

Gearing ratio

	2024	2023
	KD	KD
Islamic financing payables	18,858,740	18,050,406
Less: Cash and cash equivalents	(1,197,734)	(1,874,539)
Less: Investments in Wakala receivables	(9,347,321)	(9,347,321)
Net debt	8,313,685	6,828,546
Total equity	34,339,897	32,392,926
Total capital	42,653,582	39,221,472
Gearing ratio	19.5%	17.4%

Financial risk

Categories of financial instruments

	2024	2023
	KD	KD
Cash and cash equivalents (excluding cash on hand)	1,196,734	1,873,539
Investment in Wakala receivables	9,347,321	9,347,321
Finance receivables	16,339,394	14,892,316
Other receivables (excluding prepayments)	271,450	294,934
Investment in financial securities	12,945,622	10,536,688
Accounts payable and other credit balances	(2,766,963)	(1,513,613)
Islamic financing payables	(18,858,740)	(18,050,406)

28. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency risk, profit rate risk and equity price risk will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) *Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency rates. The Group undertakes some transactions in foreign currencies, and hence the risk of exposure to fluctuations in currency rates arises. The management monitors the positions on a daily basis to ensure positions are maintained within established limits.

The carrying amounts of the Group's major foreign currencies denominated assets and liabilities at the consolidated financial position date are as follows:

	2024	**2023**
	KD (Equivalent)	KD (Equivalent)
USD	3,488,276	3,491,095
EURO	158,560	148,636
GBP	111,396	117,020
BHD	342,857	-
QAR	831,250	931,250
CHF	87,151	97,863

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency rates used by the Group against the Kuwaiti Dinar. The effect of decrease in currency is expected to be equal and opposite to the effect of the increases shown below:

28. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Market risk (Continued)

i) *Foreign currency risk (Continued)*

	2024		
	Increase against Kuwaiti Dinar	**Impact on the consolidated statement of profit or loss (KD)**	**Effect on consolidated other comprehensive income (KD)**
USD	5%	143,252	31,162
EURO	5%	-	7,928
GBP	5%	-	5,570
BHD	5%	-	17,143
QAR	5%	-	41,563
CHF	5%	-	4,358

	2023		
	Increase against Kuwaiti Dinar	**Impact on the consolidated statement of profit or loss (KD)**	**Effect on consolidated other comprehensive income (KD)**
USD	5%	141,999	32,556
EURO	5%	-	7,432
GBP	5%	-	5,851
QAR	5%	-	46,563
CHF	5%	-	4,893

ii) *Profit rate risk*

The financial instruments are exposed to the risk of changes in value due to changes in profit rates for financial assets and liabilities with floating rate. The effective profit rates and periods during which the financial assets and liabilities are re-priced or become due are listed in their related notes.

The following table shows the sensitivity to a reasonably possible change in profit rates, with all other variables held constant, of the Group's profit through the impact of changing the profit rate. The effect of decrease in profit rate is expected to be equal and opposite to the effect of the increases shown below:

	2024		
	Increase against profit rate	**Balance**	**Effect on consolidated statement of profit or loss**
		KD	KD
Investments in Wakala receivables	0.5%	9,647,321	48,237
Islamic financing payables	0.5%	18,858,740	94,292

28. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Market risk (Continued)

ii) *Profit rate risk (Continued)*

	2023		
	Increase against profit rate	**Balance**	**Effect on consolidated statement of profit or loss**
		KD	KD
Investments in Wakala receivables	0.5%	10,147,321	50,737
Islamic financing payables	0.5%	18,050,406	90,252

The Group is not exposed to profit rate risk for finance receivables because its finance charged a fixed profit rate.

iii) *Equity price risk*

Equity price risk arises from the changes in fair values of equity investments. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these equity instruments, to which the Group had significant exposure as at the date of the consolidated financial statements. The effect of decreases in market prices is expected to be equal and opposite to the effect of the increases shown:

Description	Increase against equity price (2024)	Effect on the consolidated statement of profit or loss (2024)	Effect on the consolidated statement of profit or loss and other comprehensive income (2024)
		KD	KD
Financial assets at fair value through profit or loss (“FVTPL”) - quoted	5%	74,118	-
Financial assets at fair value through other comprehensive income (“FVTOCI”) - quoted	5%	-	301,285

28. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Market risk (Continued)

iii) Equity price risk (Continued)

Description	Increase against equity price (2023)	Effect on the consolidated statement of profit or loss (2023)	Effect on the consolidated statement of profit or loss and other comprehensive income (2023)
		KD	KD
Financial assets at fair value through profit or loss (“FVTPL”) - quoted	5%	67,276	-
Financial assets at fair value through other comprehensive income (“FVTOCI”) - quoted	5%	-	240,148

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 concentration of risks with individuals or group of customers in specific locations or business through diversification of lending activities and obtaining the suitable guarantees when appropriate.

Risk of impairment of financial assets
Financial assets exposed to impairment include “cash and cash equivalents”, “investments in wakala receivables”, “finance receivables” ,“other receivables” and “Investments in financial securities-debt sukuks”.

Cash and cash equivalents and investments in Wakala receivables
Cash and cash equivalents and Wakala receivables are also subject to the requirements of ECLs in IFRS 9, Cash is placed with high credit rating financial institutions. Therefore, the Group’s management believes that the loss of impairment is insignificant. However, the Group recognized a provision for ECL of KD 18,295 (2023: KD 18,295) for Cash and cash equivalents and Wakala receivables in the consolidated statement of financial position.

Other receivables
The Group adopts the simplified approach in accordance with IFRS 9 to measure the expected impairment losses through using provision for expected loss based on the period of ECLs for other receivables. The Group’s management believes that the loss of impairment is insignificant.

28. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Credit risk (Continued)

Risk of impairment of financial assets (Continued)

Finance receivables
The provision for ECLs for finance receivables that are computed in accordance with IFRS 9 in line with the CBK guidelines are equal to the provision required under the CBK's instructions. The Group recognized a provision for ECL of KD 2,786,638 (2023: KD 2,787,028) for finance receivables in the consolidated statement of financial position.

Credit risk exposure
The carrying values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets categories at the consolidated financial statements date was:

	2024	2023
	KD	KD
Cash and cash equivalents (excluding cash on hand)	1,196,734	1,873,539
Investments in Wakala receivables	9,347,321	9,347,321
Finance receivables	16,339,394	14,892,316
Other receivables (excluding prepayments)	271,450	294,934
Investments in financial securities-debt sukuks	2,044,426	2,100,075

Liquidity risk

Liquidity risk is the risk that the Group will encounter to meet commitments associated with financial liabilities that result from (remote likelihood) that requires the Group to pay its commitments before they fall due.

Prudent management of liquidity risk includes maintaining adequate liquidity and providing finance through an adequate amount of committed credit facilities, and the ability to close market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available as well as the support from the Shareholders.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December.

31 December 2024	Within 3 months	From 3-12 months	More than one year	Total
	KD	KD	KD	KD
Accounts payable and other credit balances	735,996	1,430,967	600,000	2,766,963
Islamic financing payables	17,858,740	1,000,000	-	18,858,740
	18,594,736	**2,430,967**	**600,000**	**21,625,703**

28. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Liquidity risk (Continued)

31 December 2023	Within 3 months	From 3-12 months	More than one year	Total
	KD	KD	KD	KD
Accounts payable and other credit balances	433,668	1,079,945	-	1,513,613
Islamic financing payables	18,050,406	-	-	18,050,406
	18,484,074	1,079,945	-	19,564,019

29. FAIR VALUE MEASUREMENT

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the opinion of the Group's management, the carrying values of the financial assets and liabilities as at 31 December 2024 and 2023 are not significantly different from their carrying value.

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (inputs relating to prices).
Level 3: inputs are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The assets that are measured at fair value in the consolidated statement of financial position are classified under the fair value hierarchy as follows:

2024	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets				
Financial assets at fair value through profit or loss	1,482,365	575,818	435,100	2,493,283
Financial assets at fair value through other comprehensive income	6,025,706	-	2,382,207	8,407,913
Non-financial assets				
Investment properties	-	-	4,615,000	4,615,000

29. FAIR VALUE MEASUREMENT (CONTINUED)

2023	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets				
Financial assets at fair value through profit or loss	1,345,521	545,279	505,040	2,395,840
Financial assets at fair value through other comprehensive income	4,802,962	-	1,237,811	6,040,773
Non-financial assets				
Investment properties	-	-	4,412,000	4,412,000

Reconciliation of Level 3 fair value measurements:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Investment properties
	KD	KD	KD
31 December 2024			
As at 1 January 2024	505,040	1,237,811	4,412,000
Additions	-	1,242,857	-
Capital reduction	(36,855)	-	-
Change in fair value	(33,085)	(98,461)	203,000
31 December 2024	435,100	2,382,207	4,615,000
31 December 2023			
As at 1 January 2023	614,464	1,399,012	4,510,000
Capital reduction	(30,630)	-	-
Change in fair value	(78,794)	(161,201)	(98,000)
31 December 2023	505,040	1,237,811	4,412,000

During the year there were no transfers between level 1, level 2 and level 3.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with the current year presentation, such reclassification did not affect previously reported total profit or total equity.

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