2024
Annual Report

أعيان
A'AYAN
Group المجموعة


بسم الله الرحمن الرحيم

بسم الله الرحمن الرحيم

His Highness Sheikh
Mishal Al-Ahmed Al-Jaber Al-Sabah
Amir of the State of Kuwait

His Highness Sheikh
Sabah Al-Khalid Al-Sabah
Crown Prince of Kuwait

Fatwa and Sharia Supervisory Board

Sheikh Prof. Sayed Mohammed Abdul Razzaq Al-Tabatabaei

Chairman of the Fatwa and Sharia Supervisory Board

Sheikh Prof. Ahmad Al-Hajji Al-Kurdi

Member of the Fatwa and Sharia Supervisory Board

Sheikh Prof. Khalid Shoga'a Al Atibi

Member of Fatwa and Sharia Supervisory Board

Board of Directors

Mr. Mansour Hamad Al-Mubarak
Chairman

Mr. Fahad Ali M. Thunayan Al-Ghanim
Vice Chairman

Mr. Abdulaziz Nasser Al-Marzouq
Board Member

Mr. Talal Reda Behbehani
Board Member

Dr. Yaqoub Ahmed Alabdullah
Board Member

Mr. Nasser Ibrahim Borousli
Board Member

Mr. Muhannad Mohammed Al-Sanea
Board Member

Chairman's Speech

In the Name of Allah, and Peace and Prayer be Upon the Prophet Muhammad, His Family, His Companions and Followers to the Day of Judgment.

We are pleased to welcome you today at the General Assembly Meeting, and to present to you the Annual Report of Aayan Leasing and Investment Company, the Fatwa and Sharia Supervision Board, Governance Report, Audit Committee Report, as well as Auditors Report, in addition to the consolidated financial statements, for the financial year ended 31 December 2024.

During 2024 global economy witnessed constant challenges as a result of the geopolitical tension in the region, higher inflation rates, which central banks continued to attempt to control and resist. This meant that interest rates would continue to be at somehow high levels for several industries, thus reflecting on slower economic growth in several regions around the world. Continuous implications in Gaza continued to weigh heavily on confusion in the marine shipping movement, thus contributing to instability of transport operations and supply chains in the region.

On the local economic scene, the year witnessed economic shrinkage according to several economic report. Economic growth registered 1.85% - 2.3% as a result of the decline in oil economy. However, the year witnessed government endeavors to enhance economic diversification and investment in non-oil sectors, towards supporting the local economic stability in facing the constant challenges, while diversifying the sources of income, which constituted, and still constitutes, a priority for sustainable welfare.

The Company continued to exert relentless efforts to achieve its vision by fostering its operational investments, while finding lucrative opportunities, in addition to the growth of leasing sector at acceptable levels. Undoubtedly, the impact of higher interest rates, coupled with consumer buying reluctance, was notable in several local economic sectors, including automobile purchasing, which witnessed expected challenges in sales. Used car sale levels returned to normal, as in pre-COVID-19 outbreak levels in 2020. This was expected and observed by the Company's Executive Management. Furthermore, the Company exited a non-strategic investment during the year, thus harvesting positive results from such exit. During the year, the company proceeded on an investment that is seen as the first of its type through direct investment in the British real estate sector. It was an investment experiment for which we anticipate sustainable success through our direct investment. In the future, we seek to provide our customers with such opportunities, once suitable to them. During the year, the Company renewed a lease contract of a commercial land for 10 years, which we expect will reflect positively on the Company's results. On the real estate sector, the team worked on improving the real estate portfolio performance to maintain good levels under the surrounding economic challenges.

Thanks God, and due to the constant efforts by the Executive Management, the Company posted a net profit of nearly KD 11.3 million. The table below gives the major financial highlights of the Group as of the end of 2024, compared to 2023.

Financial Highlights	31-12-2024 KD	31-12-2023 KD	(%) Change
Parent company shareholders' net profit	**11,265,679**	12,368,024	(9%)
Basic and diluted earnings per share of parent company's shareholders (in Fils)	**16.97**	18.63	(9%)
Total Assets	**165,988,060**	153,793,535	8%
Parent company shareholders' equity	**103,674,138**	98,056,780	6%
Book value of outstanding shares (in Fils)	**156**	148	6%

The Board of Directors recommended distribution of cash dividends of 7.5% of the nominal value, representing 7.5 Fils per share, to the Company's shareholders. This recommendation is subject to the approval of the Company's Ordinary General Assembly, upon obtaining the relevant regulator's approval of this request.

Our vision of the upcoming stage is one that is positive and optimistic. We anticipate enhancing the Company's financial worth and achieving results that may strengthen the Company's financial position, while seizing the available investment opportunities, relying on solid financial structure to ensure stability of the Company's cash flows.

In this context, I would like to extend my profound thanks to the Board Members and the Company's team, who contributed to realizing these results in 2024. We anticipate a new year with constant growth in all sectors of the Company, as well as achieving a turning point in the Company's financial restructuring, thus realizing sustainable operating profits that ensure maximizing the Company's shareholder equity

Mansour Hamad Al-Mubarak

Chairman of Board of Directors

CEO Speech

In the Name of Allah, Gracious, Merciful, Praise be to Allah, and Peace and Prayer be upon the Prophet, his Family, companions and Followers, to the Day of Judgment.

Dear Shareholders,
Peace be upon you,

On behalf of the Executive Management Team of Aayan Leasing and Investment Company, I have the pleasure to report to you the Company's performance and the major financial highlights of the financial year ended 31 December 2024, along with a brief of the financial and economic updates during the year in question.

Overview on the Economic Conditions during 2024

During the year, challenges continued to weigh heavily on the global economy as a result of political instability in the Middle East and Eastern Europe regions, in addition to the soaring inflation for two consecutive years. Global production chains were affected by the new world situation, shortage of natural resources, and sharp price increases. These conditions contributed to higher inflation around the world. Moreover, war on Gaza Strip caused substantial international interaction by companies that support war directly and indirectly, thus aggravating the pace of an unprecedented boycott in the world countries of numerous global brands and consequently affecting local agents in the various countries.

As a consequence, global economic growth rates slowed down. World Bank reports forecast the global economy to growth by 3.3% in 2025-2026, with higher forecast in the US, compared to lower growth in other economies. Renewed inflationary pressures are likely to impede the course of monetary policy transformations, together with the accompanying reflections on the sustainability of general financial conditions and financial stability. Policy mix should focus on the equilibrium of preferences and the building of preventive reserves.

Overview of GCC Capital Markets in 2024

Most of the GCC market indices closed 2024 in green. Five out of 7 markets closed high, lead by Dubai Financial Index at 27%, adding to its balance about 1099 points on a YTD basis, to close at 5158.7 points level.

Followed by Kuwait Market Index in the second place, rising by about 5%, to close at 7838.8 points level, adding to its balance about 362 points on a YTD basis. Meanwhile, the year 2024 witnessed a slight increase in the indices of Muscat, Bahrain, and Saudi markets, by about 1% each, compared to the end of 2023.

On the other part, Qatar Market Index was the lowest, at 2.4%, to close at 10571.1 points, losing 259.5 points on a YTD basis, followed by Abu Dhabi Stock Market Index, at about 2%, to close at 9419 points level by the end of 2024, losing about 159 points on a YTD basis.

Such improved performance of most of the GCC markets in 2024 came as a result of several effective factors, mainly the increase in most of the global markets, lead by the US markets, and the 3-times interest rate cuts by the Fed during the year.

Overview of Aayan Leasing and Investment Company's Performance during 2024

Despite the decrease in the Company's net profit for Aayan shareholders to KD 11.3 million in 2024, as compared to KD 12.4 million in the previous year, a decline of about 9%, for reasons addressed below in this report, the Company's various main sectors continued to achieve positive operating results (Leasing, Investment, Real Estate) during the year. Earnings per share (EPS) amounted to 16.97 Fils in 2024, against 18.63 Fils in the past year, a decline of 9%. Book value per share increased from 148 Fils as of 31 December 2023 to 156 Fils per share as of 31 December 2024, after cash dividends distribution of 7.5 Fils per share in 2024.

As for the Company's sectors, the Executive Management worked on implementing the adopted strategy to re-balance the Company's assets and carefully studied expansion in the Leasing Sector, in addition to replacing the low-yield investments with other investments with better returns.

On the Leasing Sector, Aayan Leasing Holding Company achieved further progress in its business in 2024 with an outstanding operating performance. The year 2024 witnessed an increase in operating lease rental income of 4% reaching to 21.3 million KD during 2024 from 20.5 million KD during 2023.

Aayan Leasing Holding company reported a net profit of 7.3 million KD during the year 2024, as compared to 8.0 million KD during 2023. The decrease in the net profit of Aayan Leasing Holding is mainly attributable to the decline in the profit margin of used car sales, where it was expected that used car sales would return to these normal levels.

In the real estate sector, the main reason for the reduction in net real estate income during the year 2024 was due to recording realized gain on sale of investment properties during the year 2023. The company's real estate management continues its work to improve the performance of its owned properties and offered properties for sale that do not achieve the targeted revenues. This has been done primarily to improve their performance and increase their overall revenues. It also continues to seize available real estate opportunities in the market based on the desired returns and revenues. It has also succeeded in resolving most of the obstacles that was hindering the renting and collection processes.

The real estate management also places great emphasis on real estate marketing and market studies, which contribute to understanding the market's reality and trends. As a result, the management has succeeded in maintaining overall occupancy rates in accordance with the targeted plan. It has also followed up on delinquent and defaulting tenants, attempting to reach satisfactory settlements with them, renewing expired contracts and increasing rental values.

In another development, relentless internal efforts continued in terms of real estate management, in coordination with other concerned departments, in order to continue developing the electronic real estate system by making improvements and adding more features. The system had previously been linked to the relevant departments in the Company, while building an integrated database that allow access to the conditions of the Company's properties in a direct, constant manner. Further, real estate offers were added and studies were conducted on the targeted properties. Through the system, collection processes, contract expiry dates, due rent increases and legal actions taken against defaulting parties, are accurately monitored.

On the Asset Management Sector, the performance was satisfactory with regard to assets management sector. Net assets value in Awaed Real Estate Fund amounted to about KD 16.9 million, along with maintaining the net assets value per unit in the Fund to remain at 604 Fils per unit. Regarding various contractual collective investment schemes, of which the liquidation is under monitoring, the liquidation of certain products was completed, and some developments were made to reflet the progress or near closing of strategic targets set by the Board of Directors. Liquidator is in the process of studying all available options for the exit by the system shareholders with the best possible return.

Aayan's Executive Management continues to implement the business strategy adopted by the Board of Directors, considering constant achievement of positive operating results, that may maximize the shareholders equity and enhance the Company's market foothold.

Abdullah Mohammed Al-Shatti

Chief Executive Officer

Sharia Supervisory Board Report

بِسْمِ ٱللَّهِ ٱلرَّحْمَٰنِ ٱلرَّحِيمِ

In The Name of Allah, Most Gracious, Most Merciful

Praise be to Allah, Peace and Prayer be upon Our Master, Muhammad, His Family, and Companions.

To: Shareholders of Aayan Leasing and Investment Company

According to the General Assembly's Resolution, appointing us as Fatwa and Sharia Supervision Board, we hereby present to you the Board's Report:

We have supervised and reviewed the adopted principles and contracts relating to transactions and applications offered by the Company during the financial year ended 31 December 2024. The purpose was to give opinion on whether the Company has complied with the rules and principles of the Islamic Sharia according to the specific Fatwas, resolutions and guidelines we issued.

The Company's management is responsible for compliance with the rules and principles of the Islamic Sharia in all its business activities. It is also responsible for ensuring the same. Our responsibility is limited to giving and independent opinion on how far the Company is Islamic Sharia compliant based on our supervision and review, and to report to you accordingly.

We have conducted our supervision and review, which covered examining the contracts and procedures adopted by the Company on the basis of testing each type of operations. We have also planned and implemented our supervision and review in order to obtain all information and explanations that we considered necessary to provide us with adequate evidence to provide reasonable assurance that the Company has not violated the rules and principles of Islamic Sharia.

In our opinion:

1. We have reviewed the investment structures at the Company, which are either investment funds or investment portfolios. We have reviewed the Memorandum and Articles of Association of such funds and portfolios, and found them to have been made in accordance with the Islamic Sharia rules and principles.
2. The contracts, transactions and all documents and new products, if any, which were concluded by the Company during the financial year ended 31 December 2024 and reviewed by us, have been made in accordance with the Islamic Sharia rules and principles.
3. During the financial year ended 31 December 2024, we issued 85 resolutions that are consistent with the previous Fatwas and resolutions of the Board, relating to certain inquiries, contracts, and agreements directed by the Company to the Fatwa and Sharia Supervision Board.
4. All policies and procedures in place in the Company have been issued in compliance with the Islamic Sharia rules and principles. Upon amendment to such policies and procedures, the amendments are presented to the Fatwa and Sharia Supervision Board to ensure they were made in compliance with the Islamic Sharia rules and principles.

We pray to Almighty Allah to guide us to success. Peace be upon you

Approval of the Fatwa and Sharia Supervisory Board

Sheikh Prof. Sayed Mohammed Abdul Razzaq Al-Tabatabaei	Sheikh Prof. Ahmad Al-Hajji Al-Kurdi	Sheikh Prof. Khalid Shoga'a Al Atibi
Chairman of the Fatwa and Sharia Supervisory Board	Member of the Fatwa and Sharia Supervisory Board	Member of Fatwa and Sharia Supervisory Board

Final Report
of the External Shari'a Auditors

Final Report of the External Shari’a Auditors

Date: 06-02-2025

M/S. Aayan Leasing and Investment Company

Subject: External Sharia Audit Report
For the Financial Period 01-01-2024-31-12-2024

Peace Be Upon You,

In accordance with the engagement contract signed with you, the External Sharia Audit Company conducts the business activities of the Company to ensure its compliance with the approved standards, resolutions, and Fatwas issued by the Sharia Supervisory Board.

To render the external Sharia audit process more efficient and more effective, the procedures of audit on executive operations of Islamic financial institutions are conducted in accordance with Sharia audit standards of our company, and governance standards issued by the regulators (Capital Markets Authority “CMA” and Central Bank of Kuwait “CBK”) and in accordance with international standards (issued by Accounting and Auditing Organization for Islamic Financial Institutions) which require that we plan and implement the audits to obtain a reasonable assurance that the executive operations of Islamic financial institutions are compliant with the approved standards or resolutions of the Sharia Supervisory Board.

CEO

P. Dhari Laith Al-Ateeqi

Final Report of the External Shari'a Auditors

Scope of Work:

The scope of work is determined according to the extent of compliance by the Company with implementing the contracts and transactions in accordance with the resolutions of the Sharia Supervisory Board and the Company approved index.

Company's Responsibility:

The Company is responsible for implementing the contracts and transactions in compliance with the rules of Islamic Sharia as approved by the Management.

Responsibility of the Sharia Audit Team:

Our responsibility is to give an opinion on how far the Company's transactions, activities and operations are in compliance with the Sharia. The opinion shall be given after examination and access to the contracts and operations, and upon coordination with the entities in charge of conducting the operations, with all means of communication, including on-site visits, correspondence, etc., as per the plan developed for this purpose.

We have conducted the Sharia audit in the following manner:

- Identifying the timeframe for the audit process, including all phases, from start to issuance of the report.
- Identifying the contact person during the implementation of the task.
- Identifying the requirements of the Sharia audit, which will be subject to examination and review.
- Verifying the passing of Sharia standards approved for any activity, product, service or current contract.
- Reviewing the forms, contracts, agreements, and operation implementing procedures, to ensure they are compliant with the relevant resolutions issued by regulators or Sharia supervisory boards, as well as approved Sharia standards.
- Reviewing the policies, procedures, and work charter in light of the approved Sharia standards.
- Making regular on-site visits.
- Clarifying the phases of documenting the Sharia observation/violation, if any, and discussing the same with the audited entity.
- Preparing a periodic report for each financial period, giving results of the on-site control over activities and operations.

Final Report of the External Shari'a Auditors

Areas Audited and Results:

.S	Area Audited	Sharia Auditor Action	Results of Audit
1	Financial Statements	Audited	No Observation
2	.Investment Dept	Audited	No Observation
3	Implemented Contracts	Audited	No Observation
4	Bank Accounts	Audited	No Observation
5	Finance Department	Audited	No Observation
6	Financial Department	Audited	No Observation
7	Internal Sharia Auditor's Report	Audited	No Observation

Communication and On-Site Audit:

During the period in question, the Sharia Auditor conducted on-site audit at work sites, and took notes of events and changes, in addition to communicating via e-mail and other means with the Company's departments.

Audit Committee Report for the fiscal year ending on 31 December 2024

Audit Committee Report for the fiscal year ending on 31 December 2024

• Introduction

Audit Committee, as of 31 December 2024, consisted of:

No.	Name	Member Status in the BOD	Member Status in the Committee
1	Mr. Abdulaziz Nassir Almarzouq	Non-Executive Member	Chairman of the Committee
2	Mr. Talal Mohamed Redha Bahbahani	Independent Member	Committee Member
3	Mr. Nassir Ibraheem Bouresly	Non-Executive Member	Committee Member

• Committee Meeting and Achievements

The Audit Committee was formed on 15 March 2023. During 2024, the Committee held six (6) meetings. Major achievements of the Committee are summarized as follows:

- Review, and approval, of the audit plan based on risk assessment.
- Review internal audit activities relating to the implementation of the approved audit plan.
- Review of the internal auditor's reports and recommend accordingly.
- Review, discuss Sharia auditor›s reports and recommend accordingly.
- Discuss internal control system reports and raising the recommendations necessary to rectify the observations contained in the reports.
- Monitor regulators' reports and actions adopted by the Executive Management to rectify any observations contained in these reports.
- Monitor the results of the on-site audits on the Company during the year, and the corrective actions adopted to ensure sound work procedures in accordance with CMA instructions.
- Hold regular meetings with the external auditor and discuss the interim financial information to accurately check the Company's financial conditions.
- Discuss several policies and procedures manuals of the Company based on their regular review thereof.
- Ensure independence of the audit and review activities conducted in the Company.

• Committee Opinion relating to the Company's Internal Control Environment

Based on the monitoring and supervision by the Committee of the risk-based internal audit activities, the Committee believes that the Company has adequate and effective control environment to ensure that the various audit and review activities are independent. The Committee was able to monitor inference and review of how far the policies and procedures applied in the Company are consistent, whether through the internal reports or regulators observations, while fulfilling the requirements and raise the relevant remedial recommendations.

Further, the Audit Committee implements all activities assigned to it during the year in accordance with the approved audit plan. No conflict was observed between the Audit Committee's recommendations and Board of Directors' resolutions during the year.

The Committee observed that the Executive Management is keen to apply internal control mechanisms and systems to ensure protection of the Company's assets, thus ensuring validity of the financial statements, in addition to improving the control environment, without affecting the efficiency of the curse of the Company's operations and its financial and administrative aspects.

Abdulaziz Nassir Almarzouq

Chairman of the Audit Committee

Corporate Governance Report 2024

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The Corporate Governance Report 2024

Introduction

Aayan Leasing and Investment Company's approach continued over the past years, represented in building a solid base of governance to serve as a major methodology for all its business activities. This methodology covers adopting the mechanisms and systems that reflect the frameworks of the relationship between the Company's Board of Directors, Executive Management, shareholders, stakeholders and other related parties. These frameworks allow control, accountability, sound administrative organization, as well as the adoption of good governance principles, compliance, and risk management. They also contributed to enabling the Company to continue providing all customers with its services, while finding and entering into new investments, thus enhancing its local and GCC foothold, and preserving the rights of shareholders and stakeholders.

The Company also continued to adopt the right approach to ensure assessment of all business aspects, with the aim of achieving sustainability, transparency, accountability, and fairness, which constitute the main pillars in all its financial and commercial transactions and practices. Furthermore, these mechanisms serve as organizer of the relationships with shareholders, other related parties and stakeholders of all spectra. This also reflects the daily practices of Aayan employees, thus achieving compliance with laws, regulations, professional and ethical code of conduct, all in compliance with the rules of the Islamic Sharia.

The guidelines and legal framework of Aayan is represented in the provisions of the Companies Law, its executive regulations, and the provisions of Law No. 7 of 2010, establishing the Capital Markets Authority (CMA) and regulating securities activity, and its executive regulations, as amended, the Memorandum and Articles of Association, in addition to the policies and procedures manuals as approved by the Board of Directors, all in compliance with sound professional practices and good governance principles.

Rule I:

Construct a Balanced Board Composition

Board of Directors Formation

The Company is managed by an elected Board of Directors, of which the method of formation, number of members, and tenor of membership are determined by the Articles of Association (AoA) in a balanced manner that supports performing the Board's roles and responsibilities. The Board also forms the necessary number of board committees according to the corporate governance requirements. When forming the Board, diversification of the professional and academic expertise, as well as the specialized skills, were considered to ensure full understanding of all the Company's business and risks that the Company's financial position may be exposed to, so as to support sound and timely decision-making process.

Aayan Company's Board of Directors consists of 7 members. The Chairman and Vice-Chairman of the Board were elected by secret ballot. Majority of the Board Members are non-executives. The Board has an adequate number of independent members, who have appropriate academic qualifications and expertise. They are entrusted with roles within the relevant board committees that are related to the Company's various activities, thus supporting neutral and sound decisions, serving the interests of the Company and its shareholders, as follows:

Name of Mr. Member	Member Position	Academic Qualifications and Practical Experience	Date of Election or Appointment
Mr. Mansour Hamad Al-Mubarak	Chairman of Board of Directors (Executive Member)	Mr. Mansour Al-Mubarak has over thirty-five years of professional experience in the financial and financing business. He held several leading positions throughout the period of experience. Mr. Al-Mubarak held/holds the following positions: • Board Member of Aayan Real Estate Company. • Board Member of Mashaer Holding Company. Mr. Al-Mubarak completed his study in the US. Holder of Bachelor degree in Business Administration from the University of Western Michigan, his major was Finance. He dedicated his time and efforts in developing and enhancing the Company's financial position, maximizing revenues, maintaining the shareholders' equity, as well as seeking to comply with the Company's financial restructuring plan.	09/03/2023
Mr. Fahad Ali Al-Ghanem	Vice Chairman of the Board (Non-Executive Member)	Mr. Fahad Alghanim has over twenty-four years of professional and leading experiences acquired by managing several companies within the State of Kuwait and abroad in the various financial, banking, investment, commercial, sports and advisory areas. He held numerous positions in these sectors, the latest of which as selecting Mr. Alghanim as Board Member of (Arab Young Leaders) – Dubai in December 2024. The major stages of Mr. Alghanim's professional car are represented in the following positions: • Board Member of Kuwait Finance House (KFH) since 2014. He has held the position of Member of the Executive Committee and Audit Committee since then. He also took over as Chairman of the Investment Committee from 2016, as well as Member of the Merger Committee in KFH from 2018 to 1011. • Chairman of Ahli United Bank – UK, from 2023. • Chairman of Milton Keynes Jones Football Club – London, from 2024. • Chairman of Ali Alghanim Sons Automotive Company KPSC, from 2021. • Chairman of Automobility Car Import Company WLL – Egypt, from 2022. • Chairman of Global Automobile Company SAE (BMW Egypt), from 2020. • Chairman of Ahlia Heavy Vehicles Sale & Import Company, from 2022, and Deputy Chairman, from 2011. • Board Member and Treasurer of Kuwait Sports Club, from 2007. • Board member of Kuwait Building Materials Manufacturing Company, from 2004. • Member of Kuwait Society of Engineers, from 2003. • CEO of Ali Alghanim Sons Automotive Company, from 2005 to June 2022. • Board Members for Mclaren Company Agents Representatives, from 2010 to 2015. • Board Member of Universal Payment Services Company (UPS), from 2005 to 2010. • Board Member of Oula Slaughterhouses Company, from 2003 to 2005. Mr. Alghanim completed his academic study in Kuwait, holding Civil Engineering Degree from Kuwait University. Then, he commenced his career by taking over the position of CEO of Ali Alghanim & Sons Group of Companies for Contracting, from 2002 to 2005. Later, he held several leading positions in numerous companies/ institutions, thus positively impacting their profit and maximizing their	09/03/2023
Mr. Abdulaziz Nassir Al-Marzouq	Board Member (Non-Executive Member)	Mr. Abdulaziz Al-Marzouq has over twenty-five years of professional experience in the banking and financial fields. He held several leading positions in a number of institutions within the State of Kuwait and abroad, with various investment, commercial, and financing activities throughout this period. He held/holds several positions in different companies, mainly: • Board Member and CEO of KFH Capital Investment Company. Mr. Al-Marzouq has a Bachelor Degree in Finance from San Jose University, California, USA. At a later stage, he obtained Masters Degree in Business Administration from London Business School – UK.	**09/03/2023**

Name of Mr. Member	Member Position	Academic Qualifications and Practical Experience	Date of Election or Appointment
Mr. Nassir Ibraheem Bouresly	Board Member (Non-Executive Member)	Mr. Naser Bouresli has over twenty-two years of professional experience in finance and banking. He progressed in career with Commercial Bank of Kuwait to hold the position of Deputy General Manager – Commercial Credit Sector, in addition to management experience in several jobs by participating in and managing several companies. Mr. Bouresli completed his study in the USA, holding Bachelor of Business Administration Degree, with a focus on Public Administration from San Bernardino University, California, US	09/03/2023
Mr. Talal Mohamed Redha Bahbahani	Board Member (Independent Member)	Mr. Talal Behbehani has professional investment and commercial expertise, qualifying him to become an independent member of the Board of Aayan Leasing and Investment Company. He has over twenty-eight years of experience, during which he took over several executive and leading positions in a number of banking and finance institutions within the State of Kuwait and abroad, in the various investment and commercial activities. He held several position in various companies, mainly: • Chairman of AlAhli Bank of Kuwait. • Vice Chairman of Kuwait Insurance Company. • General Manager of Mohammad Saleh & Reda Yousef Behbehani Company. • General Manager of Behbehani Mercantile Automotive Company. • Board Member of Al Mulla & Behbehani Motor Company. • Vice Chairman of United Beverages Company. Mr. Behbehani completed his study in the State of Kuwait, by obtaining the Certificate of the Faculty of Arts, Major: English Language, from Kuwait University. He was Board Member of Industrial Bank of Kuwait from 2003 to 2007.	09/03/2023
Mr. Muhannad Mohamed Al-Sanee	Board Member Independent Member)	Mr. Muhannad Al-Sanie has over twenty-five years of professional experience in several investment and commercial fields, holding leading positions. He held the position of Chairman and CEO of Al-Riyada Financing and Investment Company KSCC. He held the membership of the board in KFH Financial Brokerage Company, Al-Oula Slaughterhouses, and Arab Real Estate Company. In addition, he has management experience in financing, financial and banking areas with Burgan Bank and Ahli United Bank. He also held position in government departments, as Member of the Board of Kuwait Direct Investment Promotion Authority (KDIPA), Kuwait Knowledge Chair; one of the projects of the National Knowledge-Based Economy Center at the General Secretariat of the Supreme Planning and Development Council, and the Standing Committee for Improvement of Business Environment and Enhancement of Competitiveness, affiliated to KDIPA. Mr. Al-Sanie contributed with his expertise to handling certain positions in the State and civil society. He held the position of Chairman of Kuwait Economic Society, from 2019 to 2021. He participated in the membership of the Economic Reform Committee in 2020-2021 by resolution from the Council of Minister, in addition to taking over as Chairman of the Lands Committee of KDIPA. Mr. Al-Sanie holds Bachelor of Commerce Degree – Accounting, from Kuwait University in 1999, in addition to certificates of: Real Estate Management, Leadership and Building the Culture of Innovation, Development of Leadership Skulls, Management Diploma, from Harvard Business School, US, in 2013.	09/03/2023

Name of Mr. Member	Member Position	Academic Qualifications and Practical Experience	Date of Election or Appointment
Dr. Yaqoub Ahmed Baqer Al-Abdullah	Board Member (Independent Member)	Dr. Yacoub Al-Abdullah has over 15 years of professional experience in several scientific, academic and management fields. He held several positions, mainly: • Faculty Member in Kuwait University. • Member of Institute of Banking Studies. In addition, he owns experience in the area of risk management. Dr. Al-Abdullah is holder of Bachelor Degree in Accounting from Kuwait University – 2008. In 2010 he was awarded Masters Degree in Business Administration from the University of Texas at Arlington – USA. In 2014 he was awarded PhD in Finance from the University of Missouri – Columbia, USA.	**09/03/2023**
Mrs. Hala Abdul Rahman Al Duwaihi	Secretary to the Board	Mrs. Hala Al-Duwaihi joined Aayan Leasing and Investment Company in 2018. She has professional experience of over thirty years in audit, compliance, governance, and AML. She commenced audit work at the State Audit Bureau. Then, she moved to take over in the areas of reconciliation, compliance, AML and board secretariat at a KFH financing and investment subsidiary. At a later stage she too over as Assistant Secretary General for Financial Service Sector at Anti-Corruption Authority, where she initiated the Financial Service Sector at the Authority, as well as developing the system and controls to implement the executive regulations of Law No. 2 of 2016 with regard to the roles of receiving, saving, and examining the finance declarations submitted by those meant with law. Then, Mrs. Al-Duwaihi moved to Aayan Leasing and Investment Company to hold the position of Head of Compliance at the Compliance and AML Department. Mrs. Al-Duwaihi completed her university study by obtaining Bachelor Degree – Accounting from Kuwait University. She is certified as CAMS, and CCO from CISI in the UK.	**15/03/2023**

Board Meetings

The Board of Directors holds no less than six periodic meetings during the financial year, including at least one meeting each quarter, attended by the majority of its members upon an invitation from the Chairman of the Board or upon a request submitted by at least two of the members. The Board members are provided with the agenda and relevant documents at least three days before the meeting date, so that the members can study the topics raised in the meeting and make appropriate decisions regarding them. The Company's Articles of Association guarantee the process of organizing the members' attendance at meetings as well as the mechanism for dealing with cases of irregular attendance at Board meetings.

The Board of Directors was elected for the three-year tenor from 2023 to 2025 at the company's Ordinary General Assembly, which was held on 092023/03/. The Board's meetings for the financial year ended 31 December 2024 were as follows:

Name of Member	**Mr. Mansour Hamad Al-Mubarak** Chairman	**Mr. Fahad Ali Alghanim** Vice Chairman	**Mr. Abdulaziz Naser Al-Marzouq** Board Member	**Mr. Naser Ebrahim Bouresli** Board Member	**Mr. Talal Mohammad Reda Behbehani** Board Member Independent	**Mr. Muhannad Mohammad Al-Sanie** Board Member Independent	**Dr. YaCOUB Al-Abdullah** Board Member Independent
Meeting No. (1) 01-02-2024	✓	✓	✓	✓	✓	✓	✓
Meeting No. (2) 22-02-2024	✓	✓	Apologized	✓	✓	✓	Apologized
Meeting No. (3) 26-03-2024	✓	Apologized	✓	✓	✓	✓	✓
Meeting No. (4) 06-05-2024	✓	✓	✓	✓	✓	✓	✓
Meeting No. 5 28-07-2024	✓	✓	✓	✓	✓	Apologized	✓
Meeting No. 6 07-11-2024	✓	✓	Apologized	✓	Apologized	✓	✓
Meeting No. (7) 24-12-2024	✓	✓	✓	✓	Apologized	✓	✓
Number of Meetings	7	6	5	7	5	6	6

Recording and Saving the Minutes of the Board Meetings:

The Company's Board of Directors, through the Board Secretary, has created a special register in which the minutes of the Board of Directors' meetings are recorded with consecutive numbers for the year in which the meeting was held, indicating the place, date, start and end times of the meeting, in addition to preparing minutes of discussions and deliberations, including the voting processes that took place, and classifying and filing them as easy reference. The Board of Directors has appointed a Secretary from among the Company's employees to work in accordance with a manual of roles and responsibilities approved by the Board, which acknowledges and clarifies the Secretary's undertaking of all his duties in accordance with the provisions of the Corporate Governance Rules within the Executive Regulations of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and the regulation of dealings in securities and their amendments.

The Secretary is responsible for providing the Board members with information and documents related to the items to be discussed at the Board meetings during the designated periods to enable them to study the same and make sound decisions regarding them, and to prepare dated and serial minutes of the Board meetings that record the Board members' discussions of the agenda items and the resolutions taken during the meetings, with a statement of the members present and their signatures on the minutes of the meetings. This takes place while ensuring the proper delivery and distribution of reports related to the work of the Board, documents and agendas, and the possibility of full and immediate access by members of the Board and committees to information, documents and records related to the company in a timely manner, and providing the Board and its committees with all documents, information and periodic reports related to the various activities of the company, issued by the executive management of the company.

Declaration of the Independent Member of Meeting Independence Controls:

The candidate, as an independent member, must submit a declaration to the Ministry of Commerce and Industry, in which he declares that he meets the independence controls stipulated in the executive regulations of the Capital Markets Authority (CMA).

The following is the declaration of the independent members of the Board of Directors of Aayan Leasing and Investment Company.

I, the undersigned, in my capacity as an independent board member of Aayan Leasing and Investment Company, hereby acknowledge my full knowledge of the independence conditions contained in the Capital Markets Authority's instructions, and I also acknowledge the following:

1. I do not own 5% or more of Aayan Leasing and Investment Company's shares, nor do I represent any of the shareholders who own 5% of the company's shares.
2. I have no first-degree kinship with any of the members of the Board of Directors or the Executive Management of Aayan Leasing and Investment Company or any of its group or major parties related to the company.
3. I am not a member of the Board of Directors of any company from the private group of Aayan Leasing and Investment Company.
4. I am not an employee of Aayan Leasing and Investment Company or any company from its group, or any of the company's stakeholders.
5. I am not an employee of the legal persons who own controlling shares in Aayan Leasing and Investment Company.
6. I have no interest or relationship with Aayan Leasing and Investment Company that may affect my independence.

I acknowledge that I am aware of the roles and responsibilities of an independent member of the Board of Directors. I further undertake to inform the Board of Directors immediately in the event of any change that may affect my independence in accordance with the above provisions, and I bear responsibility for any obligation or penalty that may be imposed on the Company due to my failure to notify the Company of any change that may affect my independence.

Talal Mohammed Reda Behbehani	Muhannad Mohammed Abdullah Al-Sanea	Dr. Yaqoub Ahmad Baqer Al-Abdullah
Board Member - Independent	Board Member – Independent	Board Member – Independent

Rule II:

Establish Appropriate Roles and Responsibilities

Roles and Responsibilities of the Board of Directors

The Board of Directors of Aayan Company has all the powers and authorities necessary to manage it. Full responsibility for managing the company remains with the Board, even if it forms committees or delegates this to other parties or persons. The members of the Board of Directors determine the general framework for governance and supervise the mechanism for its implementation in accordance with the rules of professional and ethical conduct in a manner compliant with the principles and rules of the noble Islamic Sharia and seek to preserve and enhance the shareholders equity.

The Company's Articles of Association reflect the responsibilities and duties of the members of the Board of Directors in line with the rules contained in the Companies Law and Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and the regulation of dealing in securities and its executive regulations and their amendments, in a manner that crystallizes and defines those tasks and culminate them into a single document that reflects the details of their provisions. The Board has approved its bylaws and job descriptions for the executive and non-executive members of the Board of Directors and the Chairman of the Board, which clarify the various roles, responsibilities and duties assigned to the Board of Directors and the members of the Board towards the Company.

Roles and Responsibilities of Executive Management, and Authority and Powers Vested in them:

The company›s executive management undertakes many roles and responsibilities in light of the powers and authorities vested thereto by the Board of Directors, the most important of which is implementing the company›s strategy and annual plan through policies, regulations and systems approved by the Board, preparing periodic financial and non-financial reports on the progress made in implementing the company›s plans and strategy, presenting the results to the Board of Directors and those concerned with the company, ensuring an accurate accounting system that reflects in detail the financial data and income accounts, seeking to maximize profits and reduce expenses in light of the approved strategy, and effective participation in building and developing a culture of ethical values within the company. Executive management works according to work policies approved by the Board of Directors.

On the other hand, and in order to activate the approved policies and procedures and support the executive management, enabling it to perform its roles and responsibilities in the most complete manner, the Board of Directors has approved the Financial and Administrative Powers Regulations that regulate the authorities and powers, as well as the delegations vested in the executive management in a way that supports the acceleration of decision-making by those authorized, taking into account the allocation of powers to achieve the highest levels of guarantee and control when implementing the decision in accordance with the best practices in corporate governance.

Major Achievements of the Board of Directors during the Financial Year Ended December 2024:

- Approving the work plan and annual estimated budget for the financial year 2024
- Approving the company›s risk appetite plan for the year 2024.
- Approving the work plan for the meetings of the Board of Directors and committees for the year 2024
- Approving the agenda of the Ordinary General Assembly and its items and holding the Ordinary General Assembly on the scheduled dates.
- Implementing the General Assembly›s decision to distribute cash dividends of 7.5% (seven and a half percent) of the nominal value of each share, at 7.5 fils (seven and a half Fils) per share, for the financial year ended on December 31, 2024.
- Following up on the implementation of the General Assembly›s decision regarding dealing with the company›s treasury shares.
- Following up on the performance of the company›s various sectors and their most important developments on a regular basis.
- Following up on the work and performance of the Board›s committees and identifying the most important issues discussed therein on a regular basis.
- Discussing the company›s interim and annual financial statements for the year 2024 and approving them according to the specified dates.
- Periodic review and approval of charters, policies and work procedures for the company›s various sectors and follow up on compliance with them.

- Follow up on the executive body›s compliance with the instructions of the regulatory authorities and discuss the observations and violations received from those authorities and ensure the measures taken to avoid them with best practices and respond to the relevant authorities by the executive management regarding correcting those observations and ensuring that they are not repeated.
- Approval of the reports that must be presented to the Board of Directors in accordance with the directives of the regulatory authorities, such as the semi-annual risk management report and the annual report on compliance with regulatory requirements related to combating money laundering, terrorist financing, governance report, etc.
- Approval of the integrated report on the company›s achievements, considering the report one of the tools that achieve strategic goals and enhance institutional values, and help in making sound decisions in a systematic manner that achieves the interests of shareholders.
- Approval of the work plans for the Compliance and Compliance Department and the Customer Complaints Unit.
- Follow up on the performance of each member of the Board of Directors and the Executive Management according to the key performance indicators (KPI›s).

Formation of Board Committees:

The Board of Directors approves the formation of a sufficient number of specialized and independent committees in accordance with approved bylaws, systems and work charters that reflect and clarify the tasks of these committees, the responsibilities assigned to them, their duration, and the powers granted to them, in addition to their authorization by the Board of Directors to carry out their tasks to the fullest extent. The Board ensures its oversight of the work of these committees, in addition to their reporting to the Board of Directors of the results of their work and the results they reach with absolute transparency. The committees emanating from the Board bear full responsibility for their work before the Board in a manner that does not exempt the Board of Directors from the responsibility of following up on the work of these committees. The Board of Directors of Aayan has six committees emanating from it, the duration of which is determined by the term of membership in the Board, represented by the following:

First: Audit Committee

Tasks of Audit Committee:

1. Reviewing the periodic financial statements before presenting them to the Board of Directors, expressing an opinion and recommendation thereon and submitting them to the Board of Directors, with the aim of ensuring the fairness and transparency of financial reports.
2. Ensuring the independence and integrity of the external auditor and the external Sharia auditor.
3. Recommended to the Board of Directors the appointment, reappointment or change of external auditors and determining their fees. When recommended the appointment, consideration should be given to ensuring their independence and reviewing their appointment letters.
4. Following up on the work of the external auditors and ensuring that they do not provide services to the company other than those required by the auditing profession.
5. Studying the observations of the external auditors on the company›s financial statements and following up on what has been done in this regard.
6. Studying the accounting policies followed and expressing an opinion and recommendation to the Board of Directors regarding them.
7. Evaluating the adequacy of the internal control systems applied within the company and preparing a report that includes the opinion and recommendations of the committee in this regard.
8. Technical supervision of the company›s internal audit department in order to verify its effectiveness in implementing the work and tasks specified by the Board of Directors.
9. Recommend the appointment, transfer, and dismissal of the internal audit manager, and evaluate his performance and the performance of the internal audit department.
10. Review and approve the audit plans proposed by the internal auditor, and provide comments thereon.
11. Review the results of internal audit reports, and ensure that the necessary corrective actions have been taken regarding the observations contained in the reports.
12. Review the results of the reports of the regulatory authorities and ensure that the necessary actions have been taken regarding them.
13. Ensure that the company complies with the relevant laws, policies, systems and instructions.

• Committee Meetings during the Financial Year Ended 31 December 2024:

The Audit Committee consists of 3 members, one of whom is an independent member, and there is no executive member or Chairman of the Board of Directors among them. During the Financial Year Ended 31 December 2024, the Committee held 6 meetings as follows:

Serial No. of Meeting	Members of the Committee formed on 15-03-2023	Mr. Abdulaziz Naser Al-Marzouq	Mr. Talal Mohammad Reda Behbehani	Mr. Naser Ebrahim Bouresli
		Committee Chairman	Member	Member
	Date of Meeting			
1	31-01-2024	✓	✓	✓
2	26-03-2024	✓	**Apologized**	✓
3	06-06-2024	✓	✓	✓
4	24-07-2024	✓	✓	✓
5	06-11-2024	✓	**Apologized**	✓
6	23-12-2024	✓	✓	✓
No. of Meetings	**6**	**6**	**4**	**6**

Major Tasks Achieved by Audit Committee during the Financial Year Ended 31 December 2024:

- Meeting with the external auditor periodically and discussing the results of the interim financial statements to assess the company›s financial position, and ensuring that the external auditor has not detected any observations on the financial statements.
- Meeting with the internal auditor and discussing the results of the reports issued by him periodically and making the necessary recommendations to correct the observations contained in the reports.
- Approving the company›s annual audit plan.
- Discussing the results of the internal control systems (ICR) report and raising the necessary recommendations to correct the observations contained in the reports.
- Reviewing the results of the reports issued by the regulatory authorities and following up with the executive management regarding the measures taken to resolve the observations and ensure that they are not repeated and presenting those results to the board.
- Meeting with the internal Sharia auditor and the external Sharia auditor periodically and discussing the reports issued by them regarding compliance with the required Sharia standards.
- Discussing various policies and procedural guides related to audit work and the company›s work.
- Discussing the results of the reports examining the anti-money laundering and terrorist financing systems.
- Reviewing the periodic review of the company›s policies related to the committee›s work and submitting recommendations to the board of directors for approval.

Second: Risk Management Committee:

• Roles of the Risk Management Committee

1. Preparing and reviewing risk management strategies and policies before they are approved by the Board of Directors and ensuring that these strategies and policies are implemented and that they are consistent with the nature and size of the company›s activities.
2. Ensuring the availability of sufficient resources and systems for risk management.
3. Evaluating the systems and mechanisms for identifying, measuring and monitoring the various types of risks that the company may be exposed to, in order to identify their shortcomings.
4. Assisting the Board of Directors in identifying and assessing the acceptable level of risk in the company and ensuring that the company does not exceed this level of risk after its approval by the Board of Directors.
5. Reviewing the organizational structure of risk management and making recommendations regarding it before its approval by the Board of Directors.
6. Ensuring the independence of risk management employees from the activities that result in the company being exposed to risks.
7. Ensuring that risk management employees have a full understanding of the risks surrounding the company and working to increase employees› awareness of the risk culture and their understanding of it.
8. Preparing periodic reports on the nature of the risks to which the company is exposed and submitting these reports to the Board of Directors of the company.
9. Reviewing issues raised by the Audit Committee that may affect the company’s risk management.

• Committee Meetings during the Financial Year Ended 31 December 2024:

The Risk Management Committee consists of 3 members, one of whom is an independent member and none of whom is the Chairman of the Board of Directors. During the Financial Year Ended 31 December 2024, the Committee held 7 meetings as follows:

Meeting Serial No.	Members of Committee formed on 15-03-2023	Mr. Talal Mohammad Reda Behebehani	Mr. Naser Ebrahim Bouresi	Mr. Mohannad Mahmoud Al-Sanie
		Committee Chairman	Member	Member
	Date of Meeting			
1	01-02-2024	✓	✓	✓
2	22-02-204	✓	✓	✓
3	25-07-2024	✓	✓	✓
4	14-08-2024	✓	✓	✓
5	06-11-2024	**Apologized**	✓	✓
6	08-12-2024	✓	✓	✓
7	23-12-2024	✓	✓	✓
No. of Meetings	**7**	**6**	**7**	**7**

• Major achievements of Risk Committee during the financial year ended 31 December 2024

- Review the annual risk management plan.
- Discuss risk management reports periodically and raise the necessary recommendations to the executive management to address results of those reports.
- Discuss transactions with related parties (such as subsidiaries and affiliates, board members or executive management members) and ensure the integrity of the procedures followed.
- Review many policies and regulations related to the company›s risk management work.

- Discuss and approve capital adequacy reports and submit the results to the board.
- Discuss and follow up on the company›s interim risk reports and submit them to the board for approval.
- Discuss and follow up on the company›s risk appetite report and submit a recommendation regarding it to the board of directors.
- Review the periodic review of the company›s policies related to the committee›s work and submit recommendations to the board of directors for approval.
- Review the annual report on dealings with related parties and submit the recommendation to the board of directors for presentation to the ordinary general assembly at its annual meeting.

Third: Nomination and Remuneration Committee:

• Roles of the Nomination and Remuneration Committee

1. Recommend the acceptance of nominations and re-nominations for members of the Board of Directors and Executive Management.
2. Establish a clear policy for the remuneration of members of the Board of Directors and Executive Management, with an annual review of the required skills for membership of the Board of Directors.
3. Attract applications from those wishing to fill executive positions as needed, and study and review those applications.
4. Identify the different categories of remuneration that will be granted to employees, such as the fixed remuneration category, the performance-related remuneration category, the share-based remuneration category, and the end-of-service remuneration category.
5. Develop job descriptions for executive, non-executive and independent members of the Board of Directors.
6. Ensure that the independent member of the Board of Directors does not lack the character of independence.
7. Identify the evaluation mechanisms upon which the performance of the Board of Directors, its committees and each of its members is evaluated.
8. Review and propose training programs and workshops for Board members
9. Prepare a detailed annual report on all bonuses granted to Board members and executive management, which is presented to the company's general assembly for approval and read by the Chairman of the Board of Directors according to the approved form.
10. Study and approve the guide for the mechanisms for evaluating the Board of Directors and the company's executive body.

• Committee Meetings during the Financial Year Ended 31 December 2024

Nomination and Remuneration Committee consists of 4 members, one of them is independent member, and its chairman is a non-executive member. During the Financial Year Ended 31 December 2024 the Committee held 2 meetings, as follows:

Serial No. of Meeting	Members of the Committee formed on 15-03-2023	Mr. Abdulaziz Naser Al-Marzouq	Mr. Mansour Hamad Al-Mubarak	Mr. Talal Mohammad Reda Behvehani	Dr. Yacoub Ahmad Baqeer Al-Abdullah
		Committee Chairman	Member	Member	Member
	Date of Meeting				
1	01-02-2024	✓	✓	✓	✓
2	24-12-2024	✓	✓	Apologized	✓
No. of Meetings	2	2	2	1	2

• Major Achievements of Nomination and Remuneration Committee during the Financial Year Ended 31 December 2024

- Review and approve the risk unit officer evaluation forms after appointing a professional firm licensed by the Capital Markets Authority.
- Review and review the annual training plan for the Board of Directors.
- The Committee reviewed the declarations submitted by the independent members of the Board of Directors and ensured their approval.
- Review the policies related to the work of the Nominations and Remuneration Committee
- Discuss the annual report on the rewards granted to the executive management by reviewing the results of the evaluation of the company›s employees, and making recommendations in this regard.

Fourth: Investment Committee:

• Roles of the Investment Committee

1. Preparing and reviewing investment management strategies and policies in companies before they are approved by the Board of Directors, and ensuring the implementation of these strategies and policies, and that they are consistent with the nature and size of the company›s investment activities.
2. Ensuring the availability of sufficient resources and systems to manage investment activities.
3. Monitoring the performance of the company›s investment portfolio and reviewing performance reports thereon.
4. Reviewing asset allocation and investment concentration reports periodically and verifying their compatibility with the company›s strategy and risk appetite approved by the Board of Directors.
5. Reviewing investment asset valuation reports, studying the allocations submitted by the executive management, and submitting recommendations thereon to the Board of Directors.
6. Reviewing the company›s investment plans periodically.

• Committee Meetings during the Financial Year Ended 31 December 2024

Investment Committee consists of 3 members. During the Financial Year Ended 31 December 2024 the Committee held 5 meetings, as follows:

Serial No. of Meeting	Members of the Committee formed on 15-03-2023	Mr. Fahad Ali Alghanim	Mr. Mansour Hamad Al-Mubarak	Mr. Abdulaziz Naser Al-Marzouq
		Committee Chairman	Member	Member
	Date of Meeting			
1	01-02-2024	✓	✓	✓
2	18-04-2024	✓	✓	✓
3	28-07-2024	✓	✓	✓
4	15-08-2024	✓	✓	✓
5	24-12-2024	✓	✓	✓
No. of Meetings	5	5	5	5

• Major Achievements of Investment Committee during the Financial Year Ended 31 December 2024

- Reviewing policies related to the work of the Investment Committee and submitting a recommendation to the Board of Directors for approval.
- Reviewing a set of investment opportunities available to Aayan Leasing and Investment Company and approving what is within the Committee's powers, and submitting recommendations regarding opportunities that fall within the powers of the Board of Directors.

Fifth: Credit Committee:

• Roles of the Credit Committee

1. Reviewing corporate finance management strategies and policies before they are approved by the Board of Directors and ensuring that these strategies and policies are implemented and that they are consistent with the nature and size of the company›s financing activities.
2. Ensuring the availability of adequate resources and systems to manage financing activities.
3. Proposing and approving credit decision-making powers.
4. Determining the types of acceptable guarantees and their adequacy, and the exceptions in this regard.
5. Establishing the foundations and rules necessary for granting credit and centralizing risks.
6. Assisting the Board of Directors in determining and evaluating the acceptable financing limits in the company and ensuring that the company does not exceed these limits after they are approved by the Board.
7. Monitoring the performance of the company›s financing portfolio and reviewing performance reports on it.
8. Verifying the company›s compliance with the instructions of the regulatory authorities regarding the financing portfolio.

• Committee Meetings during the Financial Year Ended 31 December 2024

Credit Committee consists of 3 members. During the Financial Year Ended 31 December 2024 the Committee held 1 meeting, as follows:

<table>
<tr><th rowspan="3">Serial No. of Meeting</th><th rowspan="2">Members of Committee formed on 15-02-2024</th><th>Mr. Mansour Hamad Al-Mubarak</th><th>Mr. Naser Ebrahim Bouresli</th><th>Mr. Mohannad Mohammad Al-Sanie</th></tr>
<tr><td>Committee Chairman</td><td>Member</td><td>Member</td></tr>
<tr><th>Date of Meeting</th><td></td><td></td><td></td></tr>
<tr><td>1</td><td>24-12-2024</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>No. of Meetings</td><td>1</td><td>1</td><td>1</td><td>1</td></tr>
</table>

• Major Achievements of Credit Committee during the Financial Year Ended 31 December 2024

- Reviewing the policies related to the work of Credit Committee and raising a recommendation to the Board of Directors for approval.

Sixth: Provisions Committee:

• Roles of the Provisions Committee

1. Review the criteria on which the company relies in the process of classifying customers and determining the required allocations before they are approved by the Board of Directors, and ensure the implementation of these criteria.
2. Determine and review the size of the required allocations in accordance with the requirements of the regulatory authorities, especially the instructions of the Central Bank of Kuwait.
3. Study the size of the allocations formed against rescheduled investment and financing operations.
4. Follow up on the collection of irregular debts, whether scheduled or referred to the judicial authorities.
5. Review the evaluation of guarantees or mortgages provided against debts.
6. Approve the foundations and criteria on which the company relies in the process of classifying customers and which are required to be provided to the Central Bank of Kuwait.

• Committee Meetings during the Financial Year Ended 31 December 2024

Provisions Committee consists of 3 members, including members from the Executive Management of the Company. During the Financial Year Ended 31 December 2024 the Committee held 1 meeting, as follows:

Serial No. of Meeting	Members of the Committee formed on 15-03-2023	Mr. Naser Ebrahim Bouresli	Mr. Abdulla Mohammad Al-Shatti	Mr. Sayed Abu Taher Soloko
		Committee Chairman	Member	Member
	Date of Meeting			
1	18-09-2024	✓	✓	✓
No. of Meetings	**1**	**1**	**1**	**1**

• Major Achievements of Provisions Committee during the Financial Year Ended 31 December 2024

- Reviewing the internal regulations of the Allocations Committee and submitting a recommendation to the Board of Directors for approval.
- Discussing the possibility of cooperation with the Enforcement Department at the Ministry of Justice regarding campaigns to assist debtors and the relationship of some clients in this regard.

Board Members obtaining information and data:

The company adopts direct and indirect communication mechanisms and channels that enable the members of the Board of Directors, in general, and the independent and non-executive members, in particular, to have full and immediate access to all information, documents and records related to the company's business. The company's executive management provides the Board of Directors and its committees with all required documents and information through an infrastructure of automated and information systems that provide comprehensive and accurate periodic reports or through direct communication with the relevant departments as well as reports issued by the committees emanating from the Board, which enable the members of the Board of Directors to make decisions appropriately and effectively.

Rule III:

Recruit Highly Qualified Candidates for Members of the Board

Nomination and Remuneration Committee

To ensure that the Board prepares recommendations related to nominations for the positions of members of the Board of Directors and Executive Management and the policies and regulations governing the granting of compensation and rewards, the Board of Directors approved the formation of the Nomination and Remuneration Committee and granted it the powers that enable it to perform its role to the fullest extent. The Nomination and Remuneration Committee was formed on 152023-03- with the entry of another independent member into the formation of the committee, and its term was determined in accordance with the term specified for the Board of Directors (three years) with a membership consisting of four members and periodic meetings with a minimum of one meeting during the financial year.

Report on remuneration granted to Board Members and Executive Management

• Summary of Remuneration and Incentives Policy adopted by the Company:

The company works according to the approved general framework for determining the remuneration of the members of the Board of Directors, in line with what is stipulated in Article No. (198) of Companies Law No. 1 of 2016, and the regulations within the provisions of Rule Fifteen "Corporate Governance" of the Executive Regulations of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority, by forming a committee specialized in approving policies related to remunerations and incentives and submitting recommendations regarding the annual remuneration report to be presented to the Board of Directors, which in turn works to ensure that the remuneration report is presented to the General Assembly and approved to reward each of the proposed members of the Board of Directors, the executive management and the managers. The data below includes an explanation of the proposed remunerations for the members of the Board of Directors and granted to the executive management according to the following criteria:

- Fixed bonuses and benefits:

include basic salaries and represent the annual total of the basic monthly salary for job categories, while fixed benefits: represent the annual total of fixed monthly allowances received by the employee according to the contract concluded with him, including (telephone allowance - car allowance - travel ticket allowance - health insurance) according to the human resources regulations and policy approved by the company.

- Variable bonuses:

include annual bonuses linked to achieving goals according to the annual performance evaluation mechanism approved by the Board of Directors in coordination with the Nominations and Remunerations Committee.

-Indirect bonuses:

include annual bonuses granted by other companies to the representative of Aayan Company on its Board of Directors according to the annual evaluation and performance mechanism approved by the boards of those companies through the Nominations and Remunerations Committees affiliated with the Board of Directors and approved by the general assemblies of those companies.

• With regard to remuneration and benefits granted to the Board Members:

Board Members' remuneration are approved by the Company's Ordinary General Assembly by presenting the same in a separate table under the Assembly's agenda. Following is a statement of the action during the financial year 2024:

Total Number of Board Members	Remuneration and Benefits for Members of the Board of Directors							
	Remuneration and Benefits through the Parent Company				Remuneration and Benefits through Subsidiaries			
	Fixed Remuneration and Benefits (KD)		Variable Remuneration and Benefits (KD)		Fixed Remuneration and Benefits (KD)		Variable Remuneration and Benefits (KD)	
	Fixed Remuneration for Executive Members	Health Insurance	Annual Remuneration	Committee Remuneration	Total Monthly Salaries during the Year	Health Insurance	Annual Remuneration	Committee Remuneration
7	KD 34,000	0	KD 120,000	0	0	0	0	0
Total	**KD 34,000**	**0**	**KD 120,000**	**0**	**0**	**0**	**0**	**0**

• The members of the Board of Directors of Aayan Company, through the parent company or its subsidiaries, did not receive any financial remuneration or benefits for the financial year ended 31 December 2024, except for the executive members of the Board of Directors of Aayan Company, who received a fixed remuneration for the financial year in the amount of KD 34,000 in return for the tasks they performed in accordance with the Board of Directors' resolution in this regard.

• Remuneration and Benefits to Executive Management Segment:

The Board Nomination and Remuneration Committee has approved the proposal for the remuneration and benefits to the Company's Executive Management. The following statement includes a statement of the remuneration and benefits granted to the senior executives who received the highest remuneration, in addition to the CEO and CFO, with an analysis of the remuneration granted by type, whether amounts, benefits or advantages approved for them directly or indirectly by the Company or its subsidiaries:

Total Number of Executive Positions	Total Remuneration and benefits granted to senior executives who received the highest remunerations in addition to the CEO and CFO													
	REMUNERATION AND BENEFITS THROUGH THE PARENT COMPANY							REMUNERATION AND BENEFITS THROUGH SUBSIDIARIES						
	Fixed Remuneration and Benefits (KD)						Variable Remuneration and Benefits (KD)	Fixed Remuneration and Benefits (KD)						Variable Remuneration and Benefits (KD)
	Monthly Salaries (Total)	Health Insurance	Annual Tickets	Housing Allowance	Car Allowance	Education Allowance for Children	Annual Remuneration	Monthly Salarie (Total)	Health Insurance	Annual Tickets	Housing Allowance	Car Allowance	Education Allowance for Children	Annual Remuneration
7	400,467	12,690	37,818	0	31,200	9,992	312,492	0	0	0	0	0	0	15,000
TOTAL	400,467	12,690	37,818	0	31,200	9,992	312,492	0	0	0	0	0	0	15,000

* Remuneration reports may be accessed by shareholders through contacting the Investor Relations Unit at the Company.

The terms of fixed remuneration and benefits, variable remuneration and indirect remuneration to senior executives, in addition to the CEO and CFO, are represented by the same definitions and concepts referred to above.

During the financial year ended December 2024, no material deviations from the remuneration policy approved by the company's Board of Directors were recorded.

Rule IV:

Safeguard the Integrity of Financial Reporting

Integrity of Financial Reporting

The integrity and soundness of the Company›s financial statements and related reports is one of the most important pillars and indicators of transparency and credibility in the company›s presentation of its financial position, which increases investors› confidence in the data and information, and allows them to pursue their rights. To achieve this, the company has adopted mechanisms and frameworks that enhance the integrity and soundness of the financial statements and related reports by establishing clear and specific mechanisms and systems in accordance with international accounting standards and supervising them by the company›s audit committee and reviewing them by an independent external auditor appointed by the general assembly of shareholders. In addition, and to enhance the accountability process, the executive management submits pledges regarding the integrity and soundness of the financial reports prepared to the Board of Directors, which in turn submits the necessary pledges to the shareholders regarding the integrity and soundness of the financial statements and related reports.

Board of Directors' Acknowledgement of the Soundness and Integrity of the Relevant Financial Statements and Reporting:

To: The Shareholders of Aayan Leasing and Investment Company:

The Board of Directors acknowledges that it has reviewed the financial statements of Aayan Leasing and Investment Company for the financial year ended 31 December 31 2024.
Based on the information we have, this report does not contain any incorrect statement of material information, and no material information necessary to make these statements presented misleading under the circumstances in which these statements were made has been omitted in relation to the period covered by this report.
Based on the information we have, the financial statements and other financial information included in this report present fairly, in all material respects, the financial position, results of operations and cash flows recorded as of 31 December 2024 and for the period presented in this report.
We and the Executive Management are responsible for preparing and updating the disclosure procedures as well as the internal control systems over the preparation of financial reports for the company and we have done the following:

1. Preparing disclosure and transparency procedures in accordance with Law No. (7) of 2010 and its executive regulations and amendments – Module Ten «Disclosure and Transparency».
2. Designing internal control systems to ensure that we are informed and provided with essential information related to the company, including its subsidiaries, as well as information provided to us by others within those entities, especially for the period for which this report is prepared.
3. Designing internal control systems over the financial reporting process under our supervision to provide reasonable assurances regarding the reliability of financial reports and preparing financial statements for external purposes in accordance with the approved international standards for preparing financial reports.
4. Periodic evaluation of the effectiveness of internal control systems.

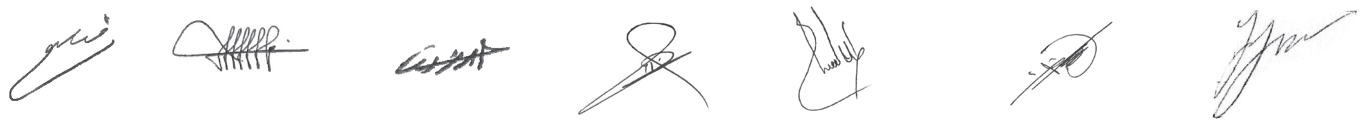
This report includes our conclusion on the effectiveness of the disclosure controls and procedures as of 31 December 2024, which are covered by this report based on these controls.

This report also discloses any changes that occurred in the company's internal control systems and the financial reporting process during the financial year ended 31 December 2024, which may in turn have a material impact on the company's internal control systems or the financial reporting process.

We and the executive management, based on the latest assessment of the internal control for financial reporting, have disclosed to the company's auditors all significant deficiencies and material weaknesses in the design or implementation of internal control controls over the financial reporting process that may adversely affect the company's ability to record, process, summarize and prepare financial statements.

We have also disclosed any cases of fraud or deception, whether material or not, involving a member of the board of directors, executive management or other employees who have a significant role in the company's internal control systems and the preparation of financial statements.

Mansour Hamad Almubarak	**Fahad Ali Mohammad Thunayan Al-Ghanem**	**Abdulaziz Nasser Al-Marzouq**	**Nassir Ibraheem Bouresly**	**Talal Mohamed Redha Bahbahani**	**Muhannad Mohamed Alsanee**	**Dr. Yaqoub Ahmed Alabdullah**
Chairman	Vice Chairman	Board Member	Board Member	Board Member – Independent	Board Member – Independent	Board Member - Independent



Executive Management's Acknowledgement of the Soundness and Integrity of the Prepared Financial Reporting:

CEO's Acknowledgement of the Soundness and Integrity of Financial Reporting:

To: The Board Members:

I, Abdullah Mohammad Al Shatti, in my capacity as the CEO of the Company, hereby declare that I have reviewed the financial statements of Aayan Leasing and Investment Company for the financial year ended 31 December 2024.

Based on the information I have, this report does not contain any incorrect statement of material information, and no material information necessary to make these statements presented misleading under the circumstances in which these statements were made has been omitted in relation to the period covered by this report.

Based on the information I have, the financial statements and other financial information contained in this report present fairly, in all material respects, the financial position, results of operations and cash flows recorded as of 31 December 2024 and for the period presented in this report.

I and the Executive Management are responsible for preparing and updating the disclosure procedures as well as the internal control systems over the preparation of financial reports of the Company and we have done the following:

1. Preparing disclosure and transparency procedures in accordance with Law No. (7) of 2010 and its executive regulations and amendments - Module Ten «Disclosure and Transparency».
2. Designing internal control systems to ensure that we are informed and provided with essential information related to the company, including our subsidiaries, as well as information provided to us by others within those entities, especially for the period for which this report is prepared.
3. Designing internal control systems over the financial reporting process under our supervision to provide reasonable assurances regarding the reliability of financial reports, and preparing financial statements for external purposes in accordance with the approved international standards for preparing financial reports.
4. Periodic assessment of the effectiveness of internal control systems.

This report includes our conclusion on the effectiveness of the disclosure controls and procedures as of 31 December 2024, which are covered by this report based on these controls.

This report also discloses any changes that occurred in the Company's internal control systems and the financial reporting process during the financial year ended 31 December 2024, which may in turn have a material impact on the Company's internal control systems or the financial reporting process.

I and the Executive Management, based on the latest assessment of the internal control over financial reporting, have disclosed to the Company's auditors and the Audit Committee of the Company's Board of Directors all significant deficiencies and material weaknesses in the design or implementation of internal control controls over the financial reporting process that may adversely affect the Company's ability to record, process, summarize and prepare financial statements.

We have also disclosed any cases of fraud or deception, whether material or not, involving a member of the Executive Management or other employees who have a significant role in the Company's internal control systems and the preparation of financial statements.

Abdullah Mohammed Al Shatti

CEO

The Corporate Governance Report 2024

CFO's Acknowledgement of the Soundness and Integrity of the Financial Reporting:

To: The Board Members:

I, Mohiuddin Sayed Abu Taher Soloko, in my capacity as the Company's Chief Financial Officer, hereby declare that I have reviewed the financial statements of Aayan Leasing and Investment Company for the financial year ended 31 December 31, 2024.

Based on the information I have, this report does not contain any incorrect statement of material information nor has any material information necessary to make such statements misleading under the circumstances in which such statements were made been omitted in relation to the period covered by this report.

Based on the information I have, the financial statements and other financial information contained in this report present fairly, in all material respects, the financial position, results of operations and cash flows recorded as of 31 December 2024 and for the period presented in this report.

I and the Executive Management are responsible for preparing and updating the disclosure procedures as well as the internal control systems over the preparation of financial reports of the Company and we have done the following:

1. Preparing disclosure and transparency procedures in accordance with Law No. (7) of 2010 and its executive regulations and amendments - Module Ten «Disclosure and Transparency.»
2. Designing internal control systems to ensure that we are informed and provided with essential information related to the company, including our subsidiaries, as well as information provided to us by others within those entities, especially for the period for which this report is prepared.
3. Designing internal control systems over the financial reporting process under our supervision to provide reasonable assurances regarding the reliability of financial reports and preparing financial statements for external purposes in accordance with the approved international standards for preparing financial reports.
4. Periodic assessment of the effectiveness of internal control systems.

This report includes our conclusion on the effectiveness of the disclosure controls and procedures as of 31 December 2024, which are covered by this report based on these controls.

This report also discloses any changes that occurred in the Company's internal control systems and the financial reporting process during the financial year ended 31 December 2024, which may in turn have a material impact on the Company's internal control systems or the financial reporting process.

I and the Executive Management, based on the latest assessment of the internal control over financial reporting, have disclosed to the Company's auditors and the Audit Committee of the Company's Board of Directors all significant deficiencies and material weaknesses in the design or implementation of internal control controls over the financial reporting process that may adversely affect the Company's ability to record, process, summarize and prepare financial statements.

We have also disclosed any cases of fraud or deception, whether material or not, involving a member of the Executive Management or other employees who have a significant role in the Company's internal control systems and the preparation of financial statements.

Muhyideen Seyed Abu Thahir Solukku

CFO

Audit Committee

The Board of Directors of Aayan Company is convinced that the presence of an independent audit committee with qualified human and technical cadres is one of the main features indicating the application of good governance rules, as this committee works to consolidate the culture of commitment within the company by ensuring the integrity and integrity of the company›s financial reports and ensuring the adequacy and effectiveness of the internal control systems applied in the company. The Audit Committee was formed on 15-03-2023 and its term was determined in accordance with the specified term of the Board of Directors (three years) with a membership consisting of three members who meet periodically with a minimum of four meetings quarterly during the financial year. In the event of any conflict between the recommendations of the Audit Committee and the Board›s decisions within the Internal Audit Policies and Procedures Manual approved by the Board of Directors of the company, the separation and clarification in stating the reasons that prompt the Board of Directors not to adhere to the recommendations of the Audit Committee, noting that during the financial year ended 31 December 2024, there was no conflict between the recommendations of the Audit Committee of the company and the resolutions issued by the Board of Directors.

Independence and Neutrality of the External Auditor:

Aayan Company has committed to appointing an external auditor registered and accredited by the Capital Markets Authority, independent of the company and its Board of Directors, after the issuance of the General Assembly’s decision to approve his appointment. Based on the availability of the conditions of independence, the Audit Committee has recommended to the Board of Directors to propose appointing the office of Abdul Karim Al-Samdan - Al-Aiban, Al-Osaimi & Partners - Ernst & Young as the company’s external auditor to provide auditing and reviewing services on the financial statements, due to his high level of professionalism and competence in this field, which is recognized in global, regional and local circles.

Rule V:

Apply Sound Systems of Risk Management and Internal Audit

Risk Unit:

Within the pillars of the Company›s organizational structure, there is a technically independent unit dedicated to risk management, in line with the instructions of the Capital Markets Authority regulating this, as those in charge of its operations enjoy a sufficient degree of efficiency, professionalism and technical capabilities that qualify them to carry out this role, in addition to enjoying complete independence, as the Risk Management Unit is directly subordinate to the Risk Management Committee emanating from the Board of Directors. The unit primarily plays its role in working to measure, monitor and reduce all types of risks and variables facing the company through the practice of its activities and working to submit recommendations to the Board of Directors regarding the deals and transactions proposed to be carried out by the company with related parties and other tasks assigned to it. After the issuance of amendments to the Capital Markets Authority Law regarding the permissibility of assigning an external party to perform the work of some jobs that must be registered, the company›s management decided to assign an external party to perform the job of the Risk Management Officer, as it contracted with an office licensed by the Capital Markets Authority to assume the tasks of the Risk Management Unit Officer with experience, specialization and professionalism under the supervision of the CEO, within the unit that reports to the Risk Management Committee emanating from the Board of Directors in a manner that ensures independence and ensures compliance with the provisions of The governing laws and regulations.

The Risk Management Unit submits periodic reports on its work regarding the analysis of the risks that the company may be exposed to the Risk Committee, which in turn submits them to the Board of Directors.

Risk Committee:

To ensure the ability to understand and analyze the nature and size of the risks facing the company›s activities in order to mitigate them as much as possible and recommend appropriate measures to confront and deal with them, and to identify the internal and external factors that led or may lead to the occurrence of such risks and develop methods to confront them, the Board of Directors approved the formation of a Risk Committee to assist it in carrying out this primary role. The Risk Committee was formed on 152023-03- for the same tenor set for the Board of Directors (three years) with a membership consisting of three members headed by a non-executive Board member and without membership of the Chairman of the Board of Directors, with periodic meetings with a minimum of four meetings during the financial year.

Internal Control Systems

The Company has adopted an internal control system that provides reasonable assurance of effective and appropriate operations and includes various control controls, including financial controls, operations, and compliance with applicable regulations, laws and systems. The Board of Directors regularly reviews these procedures through its main committees, where the effectiveness of the controls is reviewed from time to time within the framework of the Company's relevant work departments through regular review and internal audit of the Company's various departments.

Internal Audit Department

The administrative organization of Aayan Company depends on the formation of a technically independent department specialized in internal auditing work and reporting to the Board Audit Committee, where the Audit Department Manager is appointed by the Board of Directors based on the nomination of the Audit Committee, and the responsibilities and tasks of the Internal Audit Department are determined and approved by the Board of Directors. The Internal Audit Department is primarily responsible for monitoring the effectiveness and efficiency of the company's internal control systems, the accuracy and integrity of financial data and administrative operations, as well as comparing the extent of development of risk factors in the company and existing systems to determine the extent of efficiency of daily work and confront unexpected changes in the market.

Rule VI:

Promote Code of Conduct and Ethical Standards

Standards and Criteria for Professional and Ethical Conduct

One of the main pillars of implementing business within the company is the process of promoting a culture of professional conduct and ethical values, as the Board of Directors pays great attention to the necessity of verifying the commitment of all employees, whether members of the Board of Directors or members of the administrative and executive apparatus of the company, to the applicable internal policies and regulations and the Code of Professional Conduct and Ethical Values approved within the framework of the principles of the noble Islamic Sharia, without neglecting the legal and regulatory requirements issued by the various regulatory authorities that regulate the work of the company, out of its conviction that this pillar is one of the basic pillars that positively contribute to achieving the interests of all parties related to the company, especially shareholders, taking into account the absence of conflicts of interest and with a high degree of clarity and transparency.

Policies and Mechanisms to Mitigate Conflict of Interests:

The Board of Directors has adopted a policy to prevent conflicts of interest in line with the rules of corporate governance, ensuring that the company provides its services in a fair and sound manner, and that there is no negative exploitation of transactions in which any of the company's stakeholders is a party, and that cases that may arise between the company and stakeholders, as well as cases that may arise between the company's clients, are addressed, and that the General Assembly is informed of the business and contracts with related parties.

Rule VII:

Ensure Timely and High-Quality Disclosure and Transparency

Disclosure and Transparency:

In line with the effective role of the principles of disclosure and transparency in ensuring the integrity and credibility of the trader in the stock market, which serves the interests of the company›s shareholders, the public of traders and stakeholders and reflects positively on the company›s reputation in local and regional circles, the Board of Directors and Executive Management attach special importance to disclosure processes to ensure the highest levels of professionalism and expertise regarding this process. Accordingly, the Disclosure and Transparency Policies and Procedures Manual has been approved in accordance with the rules of corporate governance to regulate the processes of disclosing material information and dealings related to insiders, disclosing interests and other processes related to the disclosure process to ensure the achievement of transparency, integrity and justice in full.

The company has a comprehensive record of disclosures with both the Kuwait Stock Exchange and the Capital Markets Authority, in addition to the disclosure record on the company›s website to enhance transparency, integrity and justice.

Disclosures of Board Members, Executive Management and Managers:

The company maintains a special register for insiders among the members of the Board of Directors, the Executive Management, the managers and others whose status or relationship allows them to view internal information of the company that is not available to the public. The company also has a register dedicated to disclosures related to trading in securities issued by the company by the members of the Board of Directors, the Executive Management, the managers and their first-degree relatives according to the nature of the requirement in compliance with the instructions of the Capital Markets Authority regulating this, while ensuring that this register is available to the Investor Affairs Unit for all shareholders of the company to view it free of charge during the company's official working hours, subject to periodic updating in accordance with relevant updates.

Investor Relations Unit:

Opening comprehensive communication channels with all shareholders and potential shareholders to provide reliable and comprehensive information within the framework of laws and regulations is the primary objective of adopting an independent unit for investor affairs affiliated with the Board of Directors, which works primarily to create close and comprehensive communication channels with all shareholders of the company and provide the necessary data, information and reports to both current and potential shareholders and stakeholders in a manner that ensures transparency and equality among shareholders, and enables the company's shareholders to access reliable information at the appropriate time, using approved disclosure methods, including the company's website and the data published on the company's page on the website of the Boursa Kuwait Company.

Upgrading Information Technology Infrastructure in Disclosure Transactions:

Over the past years, the company has sought to support the company›s information technology infrastructure and automate all its operations, making great strides in this regard, supporting the automation of all operations related to the daily activities of the company›s various departments and ensuring easy access to information, data and documents, in addition to diversifying communication channels for shareholders, investors and stakeholders, and keeping pace with the automation of official disclosure channels approved by the Capital Markets Authority and the Kuwait Stock Exchange Company by registering the persons concerned with the company as users of these systems and training them on this, and putting forward proposals and ideas that work to improve these systems and the business environment, in coordination with the relevant departments of these entities, ensuring disclosure at the appropriate time according to the established regulations. Work is also being done to update information on the company›s website in a manner consistent with its disclosure data on the Kuwait Stock Exchange and the Kuwait Capital Markets Authority website, and in a manner consistent with the investor or potential investor›s access to information easily and transparently.

Rule VIII:

Respect the Rights of Shareholders

Shareholders' Rights:

The Board of Directors of Aayan Leasing and Investment Company and the Executive Management seek to represent the interests of all shareholders and respect their rights equally, ensuring the preservation of all rights granted to them and supporting and enhancing their confidence in the company by opening direct communication channels available to all shareholders that provide awareness of the company's activities, financial performance and strategic directions, enabling them to access information, data and reports related to the company's activity, in addition to working to build links between the Board of Directors and the Executive Management on the one hand and current and potential investors and interested parties on the other hand through the company's Investor Relations Unit.

Ownership Registers:

The company's shareholders' register is kept at a clearing agency licensed by the competent authorities, listing the names of all the company's shareholders, their nationalities, and the number of shares owned by them in order to ensure continuous monitoring of shareholders' data. On the other hand, the company's board of directors has adopted a policy to protect shareholders' rights to guarantee all their rights.

Encouraging the Shareholders to participate at the General Assembly Meetings:

The company encourages all shareholders to exercise their rights to actively participate in the company›s general assembly meetings and ensure that any inquiries from shareholders are answered to build a comprehensive view of the company, its activities and strategies, and to work to overcome all obstacles and facilitate the exercise of all their rights stipulated in the company›s articles of association and guaranteed by the relevant laws and regulations, through the role assigned to the Investor Relations Unit in the company with its powers and authorities in accordance with its work regulations approved by the Board of Directors.

By promoting the company to the Prime Market within the Boursa Kuwait Company indicators, the company has held its general assemblies in both the in-person and electronic systems together in order to provide appropriate options for shareholders to benefit from either the in-person or electronic systems.

Rule IX:

Recognize the Roles of Stakeholders

Protecting and Recognizing the Rights of Stakeholders:

Stakeholder contributions are of great importance as a very important resource for building the company's competitiveness and maximizing and developing profitability levels. Therefore, the Board of Directors has adopted, within the company's policy and procedure matrix, policies for mechanisms for recognizing, organizing and protecting the rights of stakeholders and achieving cooperation between stakeholders and the company within the framework of relevant laws and regulations. This policy ensures the application of the same conditions with all stakeholders without any preferential advantages and a mechanism for compensations approved by policies and regulations and guaranteed and protected by approved contracts, and supporting mechanisms that enable the establishment of good relations with customers and suppliers and the settlement of complaints and disputes that may arise between the company and stakeholders.

Encouraging the Stakeholders to Engage in Monitoring the Company’s Activities:

The Company is committed to implementing specific procedures that are characterized by transparency and clarity in dealing with stakeholders in accordance with the Stakeholder Policy approved by the Board of Directors. This policy ensures that stakeholders are encouraged to participate and follow up on the Company’s various activities and develop open and transparent communication channels, mainly through the Company’s website, and deal with stakeholders in a direct and clear manner based on honesty and respect, and adopt mechanisms that enable stakeholders to inform the Board of Directors of improper practices and provide them with the necessary protection in accordance with the reporting and whistleblower protection policy approved by the Board of Directors, which works to enhance the confidence of the public dealing with the Company and the various investment services and products it provides.

Rule X:

Encourage and Enhance Performance

Training Programs for Board Members and Executive Management

Developing skills and supporting and refining knowledge are the main objectives of the training policies for both the Board of Directors and the Executive Management to ensure that they are aware of the latest developments in the fields of investment, finance, economics, administration, corporate governance, risk management, and aspects related to combating money laundering and terrorist financing, in order to keep pace with the latest global measures and developments in this field. The company’s management is keen to ensure that its employees obtain professional certificates accredited by the Capital Markets Authority and to provide the requirements for registration processes for jobs that must be registered when necessary.

Performance Appraisal

The performance of the Board of Directors and Executive Management members is appraised through the Key Performance Indicators (KPIs) Manual for the Board of Directors and its committees and the approved policies regulating the process of evaluating the performance of the Executive Management in line with the rules of corporate governance, by adopting financial and non-financial measurement tools to measure the development of the performance of the Board and Executive Management, which in turn reflects on the progress of the company and the achievement of its strategic objectives.

Corporate Value Creation:

Establishing a culture of compliance with laws and regulations within the basic objectives that the company›s management works on in a way that enhances and develops institutional values and development plans, achieves the company›s strategic objectives, and improves performance rates by adding value to the company›s brand and increasing the confidence of shareholders, stakeholders, and stakeholders in the company.

The company seeks to devote its efforts towards achieving its goals, encouraging self-control, increasing employees› self-confidence, enabling them to know the values of work and introduce them to others, and show more responsibility and raise the level of professionalism and craftsmanship in performance, with the continuous development of the reporting systems in place in the company to become more comprehensive, which helps both members of the board of directors and the executive body of the company to make decisions based on a sound methodology and a thoughtful understanding of the company›s various activities.

Rule XI:

Focus on the Importance of Corporate Social Responsibility

Corporate Social Responsibility:

As part of its corporate social responsibility activities since its establishment, Aayan has committed itself towards its employees, the community in which it operates and the environment to complete the company›s social responsibility activities and the sustainable approach that the company seeks to ensure in all its activities and operations, to be one of the active parties in implementing the country›s national development plan and working to achieve the sustainable development goals of the private sector.

Aayan has continued to align some strategic objectives with its mission, vision and core values of social responsibility, in order to ensure that its operations and practices contribute positively to the community in which it operates, and bring added value to various stakeholders.

To achieve effective participation in the field of community service, the company takes working on building human capacities and enhancing the energies and skills of individuals in various cultural, sports, health, educational and economic fields as a fundamental pillar by providing full support to its employees and aligning the work environment with the best standards of sound corporate governance to provide a business environment qualified to achieve sustainable development.

Overview of Used Programs and Mechanisms that help highlight the Company's efforts exerted in the area of societal work:

"Human Capacity Building for a Sustainable Future"

In continuation of its responsible role towards its employees, ensuring the development of skills and enhancing their expertise, the company continued to adopt professional and technical training programs for all employees to enable them to obtain international professional certificates to keep pace with global developments in the economic, financial and regulatory fields, and to hold educational seminars in cooperation with well-known international and regional bodies, which has a positive impact on the professional level of its employees, and which enhances the labor market in the State of Kuwait and works to contribute to the formation of future national cadres and competencies. During the year, the company provided field training for students in cooperation with the American University in Kuwait.

"Nutritional Health and Physical Fitness"

As an interest in health and fitness, the company has provided various sports activities for its employees, especially team sports. To support public health and the spirit of solidarity among members of society, a blood donation campaign was organized in cooperation with the Kuwait Blood Bank. To enhance the safety culture for employees and their families, develop skills to deal with emergencies, reduce risks and improve response to accidents in the workplace, the company was keen during the year to provide special training in first aid work in cooperation with the American Heart Association in the State of Kuwait.

"Culture of Sustainability"

Believing in the importance of moving forward in supporting the state›s efforts to support sustainable energy, rationalize consumption and preserve the environment, the company completed its work during the year on relying on sensitive lighting systems within its headquarters and facilities to rationalize electricity consumption, in addition to adopting the same systems for water outlets in most of its facilities to support the process of rationalizing water consumption. The infrastructure for internal correspondence was also developed by building automated systems for correspondence and document storage to achieve saving paper, effort and time for employees. On the other hand, the annual report for the year 2023 was prepared for all interested parties and researchers by entering the QR Code, which contributed to reducing the number of printed annual reports.

In addition to what was mentioned, the company during the year enhanced the culture of sustainability among the company›s employees by providing many training and educational programs related to sustainability concepts, which supports the company›s practice of its business and activities in a sustainable manner.

A'AYAN LEASING & INVESTMENT CO. K.S.C.P
AND ITS SUBSIDIARIES

AUDITORS' REPORT 2024

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A'AYAN LEASING AND INVESTMENT COMPANY K.S.C.P.

Report on the Audit of Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of A'ayan Leasing and Investment Company K.S.C.P. (the "Parent company") and subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the Central Bank of Kuwait for use by the State of Kuwait.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Shape the future with confidence

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A'AYAN LEASING AND INVESTMENT COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Fair value measurement of investment properties

Investment properties represent a significant part of the total assets of the Group with a carrying value of KD 30,199,631 at the reporting date. The fair values of the Group's investment properties have been determined by external real estate appraisers. The determination of fair value of the investment properties is dependent on key inputs, such as rental value, maintenance status, market knowledge and historical transactions, which, although not directly observable, but are corroborated by observable market data. The disclosures relating to the inputs are relevant, given the estimation uncertainty involved in these valuations. The methodology applied in determining the valuations is set out in Note 17 to the consolidated financial statements.

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

Our audit procedures included, among others, the following:

- We have considered the methodology and the appropriateness of the valuation models and inputs used to value the investment properties.
- We have tested the inputs and assumptions made by management of the Group and the appropriateness of the properties' related data supporting the external appraisers' valuations.
- We performed procedures for areas of risk and estimation. This included, where relevant, comparison of judgments made to current market practices and challenging the valuations on a sample basis based on evidence of comparable market transactions and other publicly available information.
- We evaluated the management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions on the fair value of investment properties.
- Further, we have considered the objectivity, independence and expertise of the external real estate appraisers.
- We also assessed the appropriateness of the disclosures relating to the investment properties of the Group in Note 17 to the consolidated financial statements highlighting the estimation and uncertainty involved in valuation.

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Shape the future with confidence

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A'AYAN LEASING AND INVESTMENT COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Other information included in the Group's 2024 Annual Report

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

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

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

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A'AYAN LEASING AND INVESTMENT COMPANY K.S.C.P. (continued)

Report on the Audit of 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 scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF A'AYAN LEASING AND INVESTMENT COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

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

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

18 February 2025
Kuwait

A'AYAN LEASING & INVESTMENT CO. K.S.C.P
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
INCOME			
Income from leasing operations	6	**13,512,562**	14,204,297
Net real estate income	7	**4,075,093**	5,561,954
Net income from investments and saving deposits	8	**2,468,118**	3,991,873
Share of results of associates	16	**1,464,185**	1,262,089
Advisory and management fees	25	**234,702**	258,449
Islamic finance income		**27,801**	14,257
Other income	9	**338,957**	242,499
		22,121,418	25,535,418
EXPENSES			
Net (charge) reversal of finance costs	22	**(572,247)**	108,121
Net reversal (allowance) for expected credit losses and other provisions	10	**456,664**	(1,672,874)
Staff costs		**(6,245,443)**	(6,483,517)
Depreciation	19	**(454,827)**	(443,651)
Net foreign exchange differences		**(145,403)**	(29,640)
Other expenses	11	**(2,065,108)**	(2,238,249)
		(9,026,364)	(10,759,810)
PROFIT BEFORE TAX AND DIRECTORS' REMUNERATION		**13,095,054**	14,775,608
Zakat & NLST		**(303,933)**	(564,051)
KFAS		**(9,137)**	(10,704)
Taxation from subsidiaries		**(369,647)**	(429,861)
Directors' remuneration	26	**(120,000)**	(120,000)
PROFIT FOR THE YEAR		**12,292,337**	13,650,992
Attributable to:			
Equity holders of the Parent Company		**11,265,679**	12,368,024
Non-controlling interests		**1,026,658**	1,282,968
PROFIT FOR THE YEAR		**12,292,337**	13,650,992
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	12	**16.97 fils**	18.63 fils

* The attached notes 1 to 31 form part of these consolidated financial statements.

	Note	*2024* *KD*	*2023* *KD*
PROFIT FOR THE YEAR		**12,292,337**	13,650,992
Other comprehensive loss			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(1,451,012)**	(819,661)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of associates	16	**(64,537)**	(216,090)
Total other comprehensive loss		**(1,515,549)**	(1,035,751)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,776,788**	12,615,241
Attributable to:			
Equity holders of the Parent Company		**10,577,086**	11,813,414
Non-controlling interests		**199,702**	801,827
		10,776,788	12,615,241

* The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	*2024* *KD*	*2023* *KD*
ASSETS			
Cash and cash equivalents	13	**17,587,571**	19,733,927
Financial assets at fair value through profit or loss	14	**12,361,702**	11,686,885
Investment in associates	16	**19,412,219**	18,060,910
Investment properties	17	**30,199,631**	30,603,517
Other assets	18	**9,594,995**	8,576,756
Property and equipment	19	**76,831,942**	65,131,540
TOTAL ASSETS		**165,988,060**	153,793,535
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**66,403,882**	66,403,882
Statutory reserve	21	**4,189,952**	3,020,077
Asset revaluation surplus		**8,755,469**	8,755,469
Foreign currency translation reserve		**(1,934,999)**	(1,263,038)
Effect of changes in reserve of associates		**416,826**	475,197
Retained earnings		**25,843,008**	20,665,193
Equity attributable to equity holders of the Parent Company		**103,674,138**	98,056,780
Non-controlling interests	5	**11,819,016**	12,316,947
Total equity		**115,493,154**	110,373,727
Liabilities			
Islamic finance payables	22	**9,076,062**	11,370,449
Other liabilities	23	**41,418,844**	32,049,359
Total liabilities		**50,494,906**	43,419,808
TOTAL EQUITY AND LIABILITIES		**165,988,060**	153,793,535

Mansour Hamad Al-Mubarak
Chairman

Abdullah Mohammed Al Shatti
Chief Executive Officer

* The attached notes 1 to 31 form part of these consolidated financial statements.

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

	Attributable to equity holders of the Parent Company							
	Share capital KD	*Statutory reserve KD*	*Asset revaluation surplus KD*	*Foreign currency translation reserve KD*	*Effect of changes in reserve of associates KD*	*Retained earnings KD*	*Subtotal KD*	*Non-controlling interests KD*
As at 1 January 2024	66,403,882	3,020,077	8,755,469	(1,263,038)	475,197	20,665,193	98,056,780	12,316,947
Profit for the year	-	-	-	-	-	11,265,679	11,265,679	1,026,658
Other comprehensive loss	-	-	-	(624,056)	(64,537)	-	(688,593)	(826,956)
Total comprehensive (loss) income for the year	-	-	-	(624,056)	(64,537)	11,265,679	10,577,086	199,702
Transfer to reserve	-	1,169,875	-	-	-	(1,169,875)	-	-
Dividend (Note 21)	-	-	-	-	-	(4,980,291)	(4,980,291)	-
Sale of treasury shares	-	-	-	-	-	220	220	-
Transferred to retained earnings upon disposal/ derecognition	-	-	-	(47,905)	6,166	41,739	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(665,929)
Change in ownership interest in subsidiaries	-	-	-	-	-	20,343	20,343	(31,704)
As at 31 December 2024	**66,403,882**	**4,189,952**	**8,755,469**	**(1,934,999)**	**416,826**	**25,843,008**	**103,674,138**	**11,819,016**
As at 1 January 2023	66,403,882	1,713,799	8,755,469	(924,518)	691,287	14,583,738	91,223,657	12,250,888
Profit for the year	-	-	-	-	-	12,368,024	12,368,024	1,282,968
Other comprehensive loss	-	-	-	(338,520)	(216,090)	-	(554,610)	(481,141)
Total comprehensive (loss) income for the year	-	-	-	(338,520)	(216,090)	12,368,024	11,813,414	801,827
Transfer to reserve	-	1,306,278	-	-	-	(1,306,278)	-	-
Dividend (Note 21)	-	-	-	-	-	(4,980,291)	(4,980,291)	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(758,272)
Change in ownership interest in subsidiaries	-	-	-	-	-	-	-	22,504
As at 31 December 2023	66,403,882	3,020,077	8,755,469	(1,263,038)	475,197	20,665,193	98,056,780	12,316,947

* The attached notes 1 to 31 form part of these consolidated financial statements.

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

	Notes	*2024 KD*	*2023 KD*
OPERATING ACTIVITIES			
Profit before tax and directors' remuneration		**13,095,054**	14,775,608
Non-cash adjustments to reconcile profit before tax and directors' remuneration to net cash flows:			
Depreciation and amortization		**11,019,277**	10,888,223
Net (reversal) allowance for expected credit losses and other provisions	10	**(456,664)**	1,672,874
Gain on sale of investment properties	17	**-**	(962,958)
Valuation losses (gain) from investment properties	17	**42,440**	(543,325)
Income from investments and saving deposits	8	**(2,393,105)**	(3,991,873)
Gain on disposal of investment in associates	8	**(75,013)**	-
Share of results of associates	16	**(1,464,185)**	(1,262,089)
Redemption from investments in associates	9	**(305,099)**	(113,820)
Net foreign exchange differences		**145,403**	29,640
Provision for employees end of service benefits		**507,490**	545,337
Net charge (reversal) of finance costs		**1,025,200**	(86,200)
		21,140,798	20,951,417
Changes in operating assets and liabilities:			
Islamic finance receivables		**89,972**	70,150
Other assets		**(12,906,915)**	(12,531,208)
Other liabilities		**(995,157)**	(104,643)
Cash flows from operations		**7,328,698**	8,385,716
Employees end of service benefits paid		**(116,379)**	(60,683)
Taxes paid		**(606,289)**	(1,238,715)
Net cash flows from operating activities		**6,606,030**	7,086,318
INVESTING ACTIVITIES			
Purchase of associates	16	**(467,482)**	(1,178,611)
Purchase of financial assets at fair value through profit or loss		**(688,234)**	(442,541)
Proceeds from sale/redemption of financial assets at fair value through profit or loss		**1,193,104**	30,859
Proceeds from sale/redemption of associates		**250,471**	-
Proceed from fully impaired Investments in associate		**471,099**	113,820
Purchase of investment properties	17	**(658,520)**	(2,027,958)
Proceeds from disposal of investment properties	17	**-**	3,599,790
Income received from investment and savings deposits		**617,202**	483,847
Dividend received		**794,282**	791,580
Dividend and capital reduction proceed received from associates		**280,450**	5,341,900
Purchase of property and equipment	19	**(162,558)**	(176,909)
Movement in restricted bank balance	13	**(30)**	(9)
Net cash flows from investing activities		**1,629,784**	6,535,768
FINANCING ACTIVITIES			
Payments towards capital reduction		**(196,963)**	(309,516)
Dividend paid	21	**(4,948,747)**	(4,830,212)
Finance costs paid		**(659,279)**	(586,731)
Repayment of Islamic finance payables		**(2,202,391)**	(3,148,425)
Payment of lease liabilities	23	**(1,697,750)**	(1,291,932)
Dividends paid to non-controlling interests		**(665,929)**	(758,272)
Net movement in change in ownership interests in subsidiaries		**(11,361)**	22,504
Net cash proceed from treasury shares transactions		**220**	-
Net cash flows used in financing activities		**(10,382,200)**	(10,902,584)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,146,386)**	2,719,502
Cash and cash equivalents as at 1 January		**19,717,907**	16,998,405
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	13	**17,571,521**	19,717,907
Non-cash transactions			
Additions to right of use assets	19	**(11,300,880)**	(69,312)
Additions to lease liabilities	23	**11,300,880**	69,312
Transfer from inventory	19	**31,584,392**	30,614,744
Transfer to inventory (net of depreciation)	19	**(20,328,151)**	(16,617,470)

* The attached notes 1 to 31 form part of these consolidated financial statements.

A'AYAN LEASING & INVESTMENT CO. K.S.C.P
AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

1 CORPORATE INFORMATION

The consolidated financial statements of A'ayan Leasing and Investment Company K.S.C.P. (the "Parent Company") and Subsidiaries (collectively, the "Group") for the year ended 31 December 2024 was authorised for issue in accordance with a resolution of the Board of Directors on 18 February 2025, and the shareholders have the power to amend these consolidated financial statements at the annual general assembly meeting (AGM).

The Parent Company is a public shareholding company incorporated and domiciled in Kuwait and whose shares are listed on Boursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA") as a finance and investment company, respectively.

The Parent Company's head office is located at Mohamad Bin Al Qasim Street, Al Rai 13027, State of Kuwait and its registered postals address is P.O. Box 1426, Safat 13015.

Information on the Group's structure is provided in Note 5. Information on other related party relationships of the Group is provided in Note 26.

2 PRINCIPAL ACTIVITIES

The Group principally operates in Kuwait and engages in financial investments, trading properties, investment properties and leasing activities as follows:

- Provide lease financing product in all its forms and manifestations.
- Acts as financial intermediatory and broker.
- Engage in activities related to granting of credit facilities to consumers.
- Participate in establishment of companies of different types and purposes inside and outside the State of Kuwait and dealing in the shares of these companies on its behalf and on behalf of third parties.
- Represent the foreign companies that are similar in purpose with the purposes of the Parent Company in order to market their products and services including financial benefit of the parties and in accordance with the provisions of the relevant Kuwaiti legislation.
- Engage in activities relating to investment securities.
- Portfolio management on behalf of the customers.
- Investment in real estate property in industrial, agricultural and other sectors.
- Development of residential land and commercial property for generating rental income.
- Conducting research and studies and related activities on behalf of customers.
- Establish investment funds and management of the funds.

The Group carries out its activities in accordance with the principles of Islamic Sharīʿa as approved by the Parent Company's Fatwa and Sharīʿa Supervisory Board.

3.1 BASIS OF PREPARATION

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

The consolidated financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investment properties and leasehold land classified under property and equipment that have been measured at fair value.

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

3.1 BASIS OF PREPARATION (continued)

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

3.2 CHANGES IN ACCOUNTING POLICIES AND INTERPRETATION

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

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

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

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

3.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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 consolidated statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the consolidated 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.

3.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 18: Presentation and Disclosure in Financial Statements (continued)
In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

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

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

Other new or amended standards which are issued but not yet effective, are not relevant to the Group and have no impact on the accounting policies, consolidated statement of financial position or performance of the Group.

3.4 MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

Interest in the equity of subsidiaries not attributable to the Group is reported as non-controlling interest in the consolidated statement of financial position. Non-controlling interest in the acquiree is measured at the proportionate share in the recognised amounts of the acquiree’s identifiable net assets. Losses are allocated to the non-controlling interest even if they exceed the non-controlling interest’s share of equity in the subsidiary. Transactions with non-controlling interests are treated as transactions with equity owners of the Group. Gains or losses on changes in non-controlling interests without loss of control are recorded in equity.

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.2 Business combinations and goodwill

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

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

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

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

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

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

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

3.4.3 Revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group has generally concluded that it is the principal in its revenue arrangements.

Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term.

Rendering of services
The Group generate revenue from maintenance services. The performance obligation is satisfied over-time and payment is generally due upon completion of the maintenance services.

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

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

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.3 Revenue recognition (continued)

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

Revenue from of sale of real estate
Income from the sale of real estates is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the asset.

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

Payments are received when legal title transfers which is usually within six months from the date when contracts are signed.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when control of the goods are transferred to the customer, generally on delivery of the goods.

3.4.4 Finance income and expense
Finance income and expense are recognised in the consolidated statement of profit or loss for all profit-bearing financial instruments using the effective interest method.

3.4.5 Dividend distribution
The Group recognises a liability to pay a dividend when the distribution is no longer at the discretion of the Group. As per the companies law, a distribution is authorised when it is approved by the shareholders at the annual general assembly meeting (“AGM”). A corresponding amount is recognised directly in equity.

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

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

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

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

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

Taxation on overseas subsidiaries
Taxation on overseas subsidiaries is provided in accordance with fiscal regulations applicable to each country of operation.

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.8 Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, with a maturity of three months and restricted balances, as they are considered an integral part of the Group's cash management.

3.4.9 Financial instruments - initial recognition, subsequent measurement, derecognition and impairment

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

i) Financial assets

Initial recognition and initial measurement

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

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

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

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

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

Subsequent measurement

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

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

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.9 Financial instruments - initial recognition, subsequent measurement, derecognition and impairment (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

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

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

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

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

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

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

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

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

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

Impairment of financial assets other than credit facilities
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective 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.

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.9 Financial instruments - initial recognition, subsequent measurement, derecognition and impairment (continued)

i) Financial assets (continued)

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

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

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

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

Provisions for credit losses in accordance with the CBK instructions
The Group is required to calculate provisions for credit losses on credit facilities 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 pre-approved 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.

ii) Financial liabilities

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

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

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.9 Financial instruments - initial recognition, subsequent measurement, derecognition and impairment (continued)

ii) Financial liabilities (continued)

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (including Islamic finance payables)

The Group has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Group.

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

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

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

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

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

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

3.4.10 Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.10 Fair value measurement (continued)

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

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

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

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

3.4.11 Investment in associates

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

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

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

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

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies inline with those of the Group.

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

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

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.12 Investment properties

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

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised the consolidated statement of profit or loss in the period of derecognition.

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

Transfer from properties under development are made upon completion of the work and the property being ready for its intended use at carrying value and subsequently fair valued at reporting date.

3.4.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is the weighted average cost and includes those expenses incurred in bringing each product to its present location and condition. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

3.4.14 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Leasehold lands are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuation is performed every year to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in consolidated statement of profit or loss, the increase is recognised in the consolidated statement of profit and loss. A revaluation deficit is recognised in the consolidated statement of statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

On disposal the related revaluation surplus is credited directly to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

▸ Buildings	20-40 years
▸ Furniture and fixtures	3-5 years
▸ Tools and office equipment	3-5 years
▸ Motor vehicles	1-4 years
▸ Leased motor vehicles	over lease term

For accounting policy relating to recognition and depreciation of right-of-use assets, refer to 'Leases' accounting policy.

When the leased motor vehicles are subsequently held for sale, typically after the end of the rental contract, they are transferred to inventories at the net realisable value as on the date of transfer.

Capital work-in-progress is stated at cost. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Following completion, capital work-in-progress is transferred into the relevant classification of property and equipment.

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.14 Property and equipment (continued)

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as the expense is incurred.

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

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

3.4.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are presented under ‘property and equipment’ in the consolidated statement of financial position and are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

The right-of-use assets are also subject to impairment. Refer to the accounting policy in section ‘Impairment of non-financial assets’.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group’s lease liabilities are included in ‘other liabilities’ in the consolidated statement of financial position.

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.15 Leases (continued)

Group as a lessee (continued)

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

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

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

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

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

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.17 Employees end of service benefits

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

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

3.4.18 Provisions

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

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

3.4.19 Contingencies

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

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

3.4.20 Foreign currencies

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

Transactions and balances

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

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

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

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

3.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4.20 Foreign currencies (continued)

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

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

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

3.4.22 Segment information
A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs cost. The operating segments used by the management of the Group to allocate resources and assess performance are consistent with the internal report provided to the chief operating decision maker. Operating segment exhibiting similar economic characteristic, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

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

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

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

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

4.1 Significant judgments (continued)

Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)
The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Operating lease commitments–Group as lessor
The Group has entered into commercial property leases on its investment property portfolio and commercial operating leases on its motor vehicle fleet portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and fleet, and accordingly accounts for the contracts as operating leases.

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

Classification of real estate properties
Determining the classification of a property depends on particular circumstances and management's intentions. Property that is held for resale in the ordinary course of business or that in the process of development for such sale is classified as inventory. Property held to earn rental income or for capital appreciation, or both is classified as investment property. Property held for use in the production or supply of goods and services or for administrative purposes is classified as property and equipment.

Contingencies
Contingent assets and liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of inflow or outflow respectively of resources embodying economic benefits is remote, which requires significant judgement.

Consolidation of entities in which the Group holds less than a majority of voting right (de facto control)
The Group considers that it controls Mubarad Holding Company K.S.C.P. ("Mubarrad") even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Mubarrad with a 41.4% equity interest. The remaining 58.6% of the equity shares in Mubarrad are held by many other shareholders who, individually, in view of the management has widely dispersed shareholding. Furthermore, the Parent Company has a majority representation on the board of directors of Mubarrad.

Classification of entities as associates in which the Group holds less than 20% of the voting rights
The Group considers that it exerts significant influence over A'ayan Real Estate Company K.S.C.P. ("AREC") even though it owns less than 20% of the voting rights through its collective voting rights, its nominated directors' active participation on AREC's board of directors and decision making over operations in accordance with IAS 28: Investments in Associates and Joint Ventures.

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

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

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Estimates and assumptions (continued)

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

Impairment of leasehold rights
The carrying amounts of the leasehold rights are reviewed at each reporting date to determine whether there is any indication or objective evidence of impairment or when annual impairment testing for an asset is required. If any such indication or evidence exists, the asset's recoverable amount is estimated and an impairment is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. The management assesses the leasehold rights for impairment based on market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Impairment of property and equipment
A decline in the value of property and equipment could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:
- significant decline in the market value beyond that which would be expected from the passage of time or normal use;
- significant changes in the technology and regulatory environments;
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

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

Investment properties under construction are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 17.

Provision for expected credit losses of trade receivables
The Group assesses, on a forward-looking basis, the ECLs associated with its debt instruments carried at amortised cost (other than credit facilities). The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

Impairment losses on financing receivables – as per CBK guidelines
The Group reviews its financing receivables 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.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Estimates and assumptions (continued)

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- Recent arm's length market transactions;
- Current fair value of another instrument that is substantially the same;
- An earnings multiple;
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. There are a number of investments where this estimation cannot be reliably determined. As a result, these investments are carried at cost less impairment.

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

Revaluation of leasehold land
The Group measures leasehold land at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value at the reporting date. Leasehold land was valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

5 GROUP INFORMATION

The consolidated financial statements of the Group include:

Name of subsidiary	*Country of incorporation*	*% equity interest 2024*	*2023*	*Principal activities*
Mubarad Holding Company K.S.C.P. ("Mubarrad") [1]	Kuwait	**41.4%**	41.3%	Logistic services and real estate
A'ayan Leasing Holding Company K.S.C. (Holding) ("ALH")	Kuwait	**100%**	100%	Leasing activities
East Gate Real Estate Company S.P.C.	Kuwait	**100%**	100%	Real estate
Jahraa Mall – JV [2]	Kuwait	**84.4%**	77.1%	Real estate

[1] The Group's ownership interest in Mubarrad has less than 50% of the equity of Mubarrad. However, the management determined that it still controls the investee because the Group continues to hold the majority of the voting rights in view of the widely dispersed shareholding structure and the absence of evidence of minority shareholder acting in concert. The Group also holds the majority of the seats on the BOD, and accordingly, considers that it exercises de facto control over Mubarrad, based on IFRS 10: Consolidated Financial Statements criteria analysis.

[2] During the year, the Group has acquired an additional stake of 7.3% in Jahraa Mall- JV for a total consideration of KD 375,000 fully paid in cash.

Material partly owned subsidiary:
The Group had concluded that Mubarrad is the only subsidiary with non-controlling interests that is material to the consolidated financial statements.

5 GROUP INFORMATION (continued)

Financial information of subsidiary that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interest:

	2024	*2023*
Mubarad Holding Company K.S.C.P.	**58.6%**	58.7%

Accumulated balances of material non-controlling interest:

	2024 KD	*2023 KD*
Mubarad Holding Company K.S.C.P.	**11,788,654**	12,217,420

Profit allocated to material non-controlling interests:

	2024 KD	*2023 KD*
Mubarad Holding Company K.S.C.P.	**901,947**	1,117,967

Summarised financial information of subsidiary is provided below. This information is based on amounts before eliminating intra group transactions and consolidation related adjustments.

	2024 KD	*2023 KD*
Summarised statement of profit or loss		
Income	**2,256,129**	2,884,087
Expenses	**(487,416)**	(873,374)
Profit for the year	**1,768,713**	2,010,713
Other comprehensive loss for the year	**(1,456,954)**	(819,661)

	2024 KD	*2023 KD*
Summarised statement of financial position		
Total assets	**22,296,371**	23,413,899
Total liabilities	**2,153,977**	2,542,931
Total equity	**20,142,394**	20,870,968

	2024 KD	*2023 KD*
Summarised cash flow information		
Operating	**1,452,965**	1,102,663
Investing	**(897,730)**	(441,412)
Financing	**(1,280,358)**	(1,150,036)
Net (decrease) increase in cash and cash equivalents	**(725,123)**	(488,785)

6 INCOME FROM LEASING OPERATIONS

	2024 *KD*	*2023* *KD*
Operating lease rental income	**21,315,055**	20,514,595
Service, maintenance, and other income	**1,338,885**	1,288,549
Gain on disposal of motor vehicles	**2,891,383**	3,878,983
	25,545,323	25,682,127
Less: depreciation of motor vehicles (Note 19)	**(9,381,078)**	(9,015,973)
Less: maintenance and other expenses	**(2,651,683)**	(2,461,857)
	13,512,562	14,204,297

7 NET REAL ESTATE INCOME

	2024 *KD*	*2023* *KD*
Gain on sale of investment properties (Note 17)	-	962,958
Valuation (loss) gain from investment properties (Note 17)	**(42,440)**	543,325
Rental income from investment properties (Note 17)	**3,822,200**	3,532,415
Rental income from leasehold rights	**2,682,820**	2,820,033
Depreciation of right-of-use assets relating to leasehold rights (Note 19)	**(1,183,372)**	(927,488)
Amortisation of a leasehold rights	-	(501,111)
Finance costs on lease liabilities (Note 23)	**(452,952)**	(21,921)
Real estate related expenses (Note 17)	**(383,089)**	(238,996)
Leasehold rights related expenses	**(368,074)**	(607,261)
	4,075,093	5,561,954

8 NET INCOME FROM INVESTMENTS AND SAVING DEPOSITS

	2024 *KD*	*2023* *KD*
Investment deposits and savings profits	**617,202**	483,847
Dividend income	**794,282**	791,580
Gain on disposal of investment in associates	**75,013**	-
Net gain from financial assets at FVTPL	**981,621**	2,716,446
	2,468,118	3,991,873

9 OTHER INCOME

	2024 *KD*	*2023* *KD*
Proceed from fully impaired investments in associate	**305,099**	113,820
Other income	**33,858**	128,679
	338,957	242,499

10 NET (REVERSAL) ALLOWANCE FOR EXPECTED CREDIT LOSSES AND OTHER PROVISIONS

	2024 ***KD***	*2023* *KD*
Reversal of provision for impairment of Islamic finance receivables (Note 15)	**(89,972)**	(70,150)
Reversal of impairment losses on other assets (Note 18)	**(261,674)**	(26,495)
ECL on trade receivables (Note 18)	**158,909**	254,171
Impairment of investment/ goodwill	**-**	1,028,456
Net (reversal) allowance for provision for legal cases	**(263,927)**	486,892
	(456,664)	1,672,874

11 OTHER EXPENSES

	2024 ***KD***	*2023* *KD*
Premises expenses	**444,990**	407,712
Legal and professional fees	**513,292**	651,285
Marketing and advertising expenses	**431,563**	503,282
BOD remuneration of subsidiaries	**55,000**	66,183
Subscription, bank charges & technical support	**391,859**	375,863
Other expenses	**228,404**	233,924
	2,065,108	2,238,249

12 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	2024	*2023*
Profit for the year attributable to the equity holders of the Parent Company (KD)	**11,265,679**	12,368,024
Weighted average number of shares outstanding during the year (shares)	**664,038,824**	664,038,824
Basic and diluted earnings per share attributable to the equity holders of the Parent Company (fils)	**16.97**	18.63

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements.

13 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2024 *KD*	*2023* *KD*
Cash at banks and on hand	**4,416,565**	5,192,032
Short-term placements with financial institutions	**13,171,006**	14,541,895
Cash and short-term deposits	**17,587,571**	19,733,927
Less: restricted balances	**(16,050)**	(16,020)
Cash and cash equivalents	**17,571,521**	19,717,907

Short-term deposits are made for varying periods and can be early terminated on demand, depending on the immediate cash requirements of the Group, and earn average returns at the respective short-term deposit at local bank, rates ranging from 3% to 5.25% (2023: 3.5% to 5.25%) per annum.

Cash and cash equivalents amounting to KD 178,968 (2023: KD 111,468) is maintained with a major shareholder (Note 26).

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 *KD*	*2023* *KD*
Local quoted equity securities	**9,819,817**	9,397,884
Local funds	**466,211**	466,180
Foreign portfolio	**458,347**	451,770
Local unquoted equity securities	**1,259,990**	1,149,108
Foreign quoted equity securities	**210,555**	-
Foreign unquoted equity securities	**146,782**	221,943
	12,361,702	11,686,885

The hierarchy for determining and disclosing the fair values are presented in Note 31.

15 ISLAMIC FINANCE RECEIVABLES

2024	***Musawama*** ***KD***	***Ijara*** ***KD***	***Tawaruq*** ***KD***	***Total*** ***KD***
Gross receivables	**4,762,419**	**2,001,393**	**1,101,494**	**7,865,306**
Less: deferred income	**(805,022)**	**(318,911)**	**(94,710)**	**(1,218,643)**
	3,957,397	**1,682,482**	**1,006,784**	**6,646,663**
Less: impairment losses				
- General	-	-	-	-
- Specific	**3,957,397**	**1,682,482**	**1,006,784**	**6,646,663**
	-	-	-	-
Gross amount of credit facilities individually determined to be impaired	**4,762,419**	**2,001,393**	**1,101,494**	**7,865,306**

2023	*Musawama* *KD*	*Ijara* *KD*	*Tawaruq* *KD*	*Total* *KD*
Gross receivables	4,873,369	2,019,914	1,101,634	7,994,917
Less: deferred income	(825,498)	(321,422)	(94,711)	(1,241,631)
	4,047,871	1,698,492	1,006,923	6,753,286
Less: impairment losses				
- General	-	-	-	-
- Specific	4,047,871	1,698,492	1,006,923	6,753,286
	-	-	-	-
Gross amount of credit facilities individually determined to be impaired	4,873,369	2,019,914	1,101,634	7,994,917

Expected credit losses on credit facilities determined computed under IFRS 9 in accordance with CBK guidelines amounted to KD 6,646,663 as at 31 December 2024 (2023: KD 6,753,286), which is the same as the provision required by CBK instructions. As a result, no additional provision has been made.

Set out below is the movement in the provision for impairment of Islamic finance receivables as per CBK instructions during the year:

	Specific	
	2024 ***KD***	*2023* *KD*
As at 1 January	**6,753,286**	6,858,295
Net reversals during the year (Note 10)	**(89,972)**	(70,150)
Write-Off	**(16,651)**	(34,859)
As at 31 December	**6,646,663**	6,753,286

16 INVESTMENT IN ASSOCIATES

The principal associates of the Group are as follows:

Name of associate	*Country of incorporation*	*% equity interest*		*Principal activities*	*Carrying amount*	
		2024	*2023*		*2024 KD*	*2023 KD*
Oman Integral Logistics Company O.S.C.C ("Oman Integral") [1]	Oman	**50%**	50%	Logistics	**3,837,247**	3,804,803
A'ayan Real Estate Company K.S.C.P. ("AREC") [2]	Kuwait	**9.1%**	9.8%	Real estate	**2,258,504**	2,345,172
Tawazun Holding Company K.S.C (Closed) ("Tawazun") [3]	Kuwait	**45.5%**	43.8%	Holding Company	**11,367,747**	9,579,667
Light Fields Catering Company W.L.L.[1]	Kuwait	**30%**	30%	Food supplies	**1,948,721**	2,165,266

1 Included in the carrying amount of the investment in the associate is goodwill of KD 115,822 (2023: KD 115,822).

2 The Group management has determined that it exerts significant influence over the investee through both its collective voting rights and its nominated directors' active participation on AREC's BOD. As a result, the Group has accounted for interest in AREC i.e. 9.1 % for the year ended 31 December 2024 (2023: 9.8%) as an investment in associate using the equity method of accounting in accordance with IAS 28: Investments in Associates and Joint Ventures. During the year, Group has acquired 0.02% of shares of AREC for a consideration of KD 8,313 fully paid in cash and sold 0.75% of shares for a consideration of KD 250,472 and a profit of 75,013 has been recognised.

3 During the year, Group has acquired 1.73% of shares of Tawazun Holding Company K.S.C (Closed) for a consideration of KD 459,169 fully paid in cash.

A reconciliation of the summarised financial information to the carrying amount of the associates is set out below:

Reconciliation to carrying amounts	*2024 KD*	*2023 KD*
As at 1 January	**18,060,910**	20,091,871
Additions	**467,482**	2,303,611
Share of results	**1,464,185**	1,262,089
Share of other comprehensive loss	**(64,537)**	(216,090)
Dividend received from associates	**(280,450)**	(1,008,208)
Capital reduction from associates	**-**	(4,337,214)
Sale of associates	**(341,459)**	-
Foreign currency translation adjustments	**106,088**	(35,149)
As at 31 December	**19,412,219**	18,060,910

Summarised financial information for associates

The following table illustrates the summarised financial information of the associates that are material to the Group. The information disclosed reflects the amounts presented in the consolidated financial statements of the relevant associates and not the Group's share of those amounts.

16 INVESTMENT IN ASSOCIATES (continued)

2024	***AREC KD***	***Tawazun KD***	***Light Fields KD***	***Oman Integral KD***
Total assets	**98,428,811**	**62,498,808**	**2,148,607**	**10,449,118**
Total liabilities and non-controlling interests	**(36,649,964)**	**(502,464)**	**(2,828,007)**	**(3,000,267)**
Equity attributable to Parent Company	**61,778,847**	**61,996,344**	**(679,400)**	**7,448,851**
Contingent liabilities and commitments	**95,797**	**-**	**-**	**-**

2024	***AREC KD***	***Tawazun KD***	***Light Fields KD***	***Oman Integral KD***
Profit (loss)	**2,899,483**	**3,121,908**	**(370,352)**	**(94,643)**
Other comprehensive (loss) income	**(2,942)**	**(343,659)**	**-**	**35,488**
Total comprehensive consolidated income (loss)	**2,896,541**	**2,778,249**	**(370,352)**	**(59,155)**

2023	*AREC KD*	*Tawazun KD*	*Light Fields KD*	*Oman Integral KD*
Total assets	96,526,442	60,146,157	3,365,293	10,367,314
Total liabilities and non-controlling interests	(35,692,252)	(928,061)	(2,721,501)	(2,983,354)
Equity attributable to Parent Company	60,834,190	59,218,096	643,792	7,383,960
Contingent liabilities and commitments	25,102	-	-	-

2023	*AREC KD*	*Tawazun KD*	*Light Fields KD*	*Oman Integral KD*
Profit (loss)	2,717,654	2,133,172	(282,449)	264,139
Other comprehensive loss	(296,899)	(386,708)	-	(70,302)
Total comprehensive consolidated income (loss)	2,420,755	1,746,464	(282,449)	193,837

The fair value of one of the associates is KD 3,406,560 (2023: KD 2,925,121), which is higher than its carrying value. The fair value of investment in the remaining associates could not be reliably measured as the associates are unquoted and do not have a published quoted price. Management considers that the fair value is unlikely to be materially different from the carrying value.

17 INVESTMENT PROPERTIES

	2024 KD	2023 KD
As at 1 January	**30,603,517**	31,216,201
Additions	**658,520**	2,027,958
Disposals	**-**	(2,636,832)
Valuation (losses) gain from investment properties (Note 7)	**(42,440)**	543,325
Exchange differences	**(1,019,966)**	(547,135)
As at 31 December	**30,199,631**	30,603,517

Investment properties held by the group are developed properties located in Kuwait, Kingdom of Saudi Arabia and Egypt.

Investment properties with a carrying value of KD 6,250,000 (2023: KD 6,250,000) have been pledged as a collateral for Islamic finance payables. (Note 22).

The fair value of investment properties is determined based on valuations performed by independent and accredited valuers with recognised and relevant professional qualification and with recent experience in locations and categories of investment properties being valued. The valuation models applied are consistent with the principles in IFRS 13 and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitalisation method, under the Level 3 fair value hierarchy, is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions and is measured under Level 2 fair value hierarchy. The unit of comparison applied by the Group is the price per square meter ('sqm').

The Group classifies its investment properties as level 2 and level 3 in the fair value measurement hierarchy.

Amounts recognised in the consolidated statement of profit or loss for investment properties are as follows:

	2024 KD	2023 KD
Change in fair value of investment properties (Note 7)	**(42,440)**	543,325
Gain on sale of investment properties (Note 7)	**-**	962,958
Rental revenues (Note 7)	**3,822,200**	3,532,415
Real Estate related expenses (Note 7)	**(383,089)**	(238,996)

The fair value hierarchy for the investment properties are as follow:

	2024 KD	2023 KD
Significant observable inputs (Level 2 "Market approach")	**2,137,635**	2,499,081
Significant unobservable inputs (Level 3 "Income capitalisation approach")	**28,061,996**	28,104,436
	30,199,631	30,603,517

17 INVESTMENT PROPERTIES (continued)

The sensitivity analysis for Level 2 and Level 3 input are as follows:

a) Level 2 "Market Approach"

	2024	*2023*
Estimated market price (per sqm) (KD)	**320**	463

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

	Changes in valuation assumptions	***Impact on profit for the year 2024 KD***	*Impact on profit for the year 2023 KD*
Estimated market price (per sqm) (KD)	+ 5%	**106,882**	124,954

b) Level 3 "Income Capitalisation Approach"

	2024	*2023*
Average monthly rent (per sqm) (KD)	**19.58**	19.40
Average yield rate	**12.07%**	11.96%
Occupancy rate	**100.00%**	100.00%

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

	Changes in valuation assumptions	***Impact on profit for the year 2024 KD***	*Impact on profit for the year 2023 KD*
Average monthly rent (per sqm)	+ 5%	**1,403,100**	1,405,223
Average yield rate	+ 5%	**(1,336,285)**	(1,349,594)
Occupancy rate	- 5%	**(1,403,100)**	(1,405,220)

Reconciliation of Level 3 fair values

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

	2024 KD	*2023 KD*
As at 1 January	**28,104,436**	28,736,256
Additions	**-**	2,027,958
Disposals	**-**	(2,550,000)
Remeasurements recognised in profit or loss	**(42,440)**	(109,778)
As at 31 December	**28,061,996**	28,104,436

18 OTHER ASSETS

	2024	*2023*
	KD	*KD*
Trade receivables, net	**2,119,064**	1,988,570
Prepaid expenses	**1,296,762**	1,266,112
Amounts due from related parties (Note 26)	**180,839**	476,341
Advances for investment securities and to suppliers	**36,164**	141,148
Inventories	**4,314,825**	3,418,147
Refundable deposits	**954,637**	835,851
Other receivables, net	**692,704**	450,587
	9,594,995	8,576,756

As at 31 December 2024, the Group's carrying amount of trade receivables is net of an allowance for expected credit losses of KD 8,221,764 (2023: KD 8,072,944), Amounts due from related parties is net of an allowance for expected credit losses of KD 381,224 (2023: KD 381,224) and other receivables is net of an allowance for expected credit losses of KD 4,674,512 (2023: KD 4,938,149).

Set out below is the movement in the allowance for expected credit losses of trade receivables, amount due from related parties and provision for impairment of other assets:

	2024	*2023*
	KD	*KD*
As at 1 January	**13,392,317**	13,641,076
Reversal of other assets (Note 10)	**(261,674)**	(26,495)
Allowance for expected credit losses (ECL) on trade receivables (Note 10)	**158,909**	254,171
Write-offs	**(12,052)**	(476,435)
As at 31 December	**13,277,500**	13,392,317

19 PROPERTY AND EQUIPMENT

	Leasehold lands KD	*Buildings KD*	*Furniture and fixtures KD*	*Tools and office equipment KD*	*Motor vehicles KD*	*Leased motor vehicles KD*	*Right-of-use asset KD*	*Total KD*
Cost and valuation								
As at 1 January 2024	11,681,000	2,621,537	609,940	2,177,114	631,348	62,399,463	1,257,975	81,378,377
Additions	-	-	74,886	87,672	-	-	11,300,880	11,463,438
Transfer from inventory	-	-	-	-	238,953	31,345,439	-	31,584,392
Transfer to inventory	-	-	-	-	(183,758)	(29,523,607)	-	(29,707,365)
As at 31 December 2024	**11,681,000**	**2,621,537**	**684,826**	**2,264,786**	**686,543**	**64,221,295**	**12,558,855**	**94,718,842**
Depreciation and impairment								
As at 1 January 2024	-	552,886	563,089	2,045,129	185,584	11,888,330	1,011,819	16,246,837
Depreciation charge for the year	-	100,332	44,392	63,879	122,163	9,258,915	1,429,596	11,019,277
Transfer to inventory	-	-	-	-	(99,966)	(9,279,248)	-	(9,379,214)
As at 31 December 2024	**-**	**653,218**	**607,481**	**2,109,008**	**207,781**	**11,867,997**	**2,441,415**	**17,886,900**
Net book value								
As at 31 December 2024	**11,681,000**	**1,968,319**	**77,345**	**155,778**	**478,762**	**52,353,298**	**10,117,440**	**76,831,942**

19 PROPERTY AND EQUIPMENT (continued)

	Leasehold lands KD	*Buildings KD*	*Furniture and fixtures KD*	*Tools and office equipment KD*	*Motor vehicles KD*	*Leased motor vehicles KD*	*Right-of-use asset KD*	*Total KD*
Cost and valuation								
As at 1 January 2023	11,681,000	2,660,853	603,387	2,945,304	1,685,098	56,558,200	6,570,978	82,704,820
Additions	-	-	88,287	88,622	-	-	69,312	246,221
Transfer from inventory	-	-	-	-	314,001	30,300,743	-	30,614,744
Transfer to inventory	-	-	-	-	(325,960)	(23,713,021)	-	(24,038,981)
Derecognition	-	(39,316)	(81,734)	(856,812)	(1,041,791)	(746,459)	(5,382,315)	(8,148,427)
As at 31 December 2023	11,681,000	2,621,537	609,940	2,177,114	631,348	62,399,463	1,257,975	81,378,377
Depreciation and impairment								
As at 1 January 2023	-	491,870	572,767	2,850,935	1,308,388	10,962,694	5,211,581	21,398,235
Depreciation charge for the year	-	100,332	69,618	50,064	108,283	8,907,690	1,151,125	10,387,112
Transfer to inventory	-	-	-	-	(189,296)	(7,232,215)	-	(7,421,511)
Derecognition	-	(39,316)	(79,296)	(855,870)	(1,041,791)	(749,839)	(5,350,887)	(8,116,999)
As at 31 December 2023	-	552,886	563,089	2,045,129	185,584	11,888,330	1,011,819	16,246,837
Net book value								
As at 31 December 2023	11,681,000	2,068,651	46,851	131,985	445,764	50,511,133	246,156	65,131,540

19 PROPERTY AND EQUIPMENT (continued)

Operating lease commitments – Group as a lessor

The Group has entered into commercial leases for its motor vehicles fleet in the normal course of business. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2024 ***KD***	*2023* *KD*
Within one year	**13,835,262**	13,469,217
After one year but not more than five years	**7,853,201**	8,020,577
	21,688,463	21,489,794

The depreciation charge for the year has been allocated in the consolidated statement of profit or loss as follows:

	2024 ***KD***	*2023* *KD*
Depreciation of motor vehicles (Note 6)	**9,381,078**	9,015,973
Depreciation expense of right-of-use asset relating to leasehold rights (Note 7)	**1,183,372**	927,488
Depreciation expense of right-of-use assets (included with depreciation expense in the consolidated statement of profit or loss)	**246,224**	223,637
Depreciation expense included in the consolidated statement of profit or loss	**208,603**	220,014
	11,019,277	10,387,112

Revaluation of leasehold lands

Notwithstanding the contractual term of the leases, management considers that, the agreements of leasehold land are renewable indefinitely, at similar nominal rates of ground rent, and with no premium payable for renewal of the lease and, consequently, as is common practice in Kuwait these leases have been accounted for as leasehold land. Leasehold lands are recognised at fair value using the market comparable approach. During the current year, the fair valuation was conducted by two independent appraisers with a recognised and relevant professional qualification and recent experience of the location and category of leasehold land being valued. The change in fair value was calculated based on the lower of the two values and does not differ materially from its fair value. Under the market comparable approach, the property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square metre (sqm). The significant assumption used in the determination of fair value was the market price (per sqm). A decrease of 5% (2023: 5%) in the estimated market price (per sqm) will reduce the value by KD 584,050 (2023: KD 584,050). The fair value was determined based on sales comparison method and is measured under the Level 2 fair value hierarchy.

Significant unobservable valuation input	**Range**
Price per square metre	KD 800 – KD 1,350

20 SHARE CAPITAL

	Number of shares		*Authorised, issued and fully paid*	
	2024	*2023*	***2024*** ***KD***	*2023* *KD*
Shares of 100 fils each (paid in cash)	**664,038,824**	664,038,824	**66,403,882**	66,403,882

21 RESERVES AND DIVIDEND

Statutory reserve
In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before tax and directors' remuneration shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital. During the year, KD 1,169,875 was transferred to statutory reserve.

Dividend
The consolidated financial statements of the Group for the year ended 31 December 2023 were approved in the annual general assembly meeting ("AGM") of the shareholders of the Parent Company held on 4 March 2024 and a cash dividend of 7.5% (2022: 7.5%) amounting to KD 4,980,291(2022: KD 4,980,291) was approved for the year ended 31 December 2023. As on 31 December 2024, the unclaimed dividend amounting to KD 246,926, relating to parent company, is recorded in other liabilities (Note 23).

The Board of Directors of the Parent Company has proposed a cash dividend of 7.5% for the year ended 31 December 2024 of the paid up share capital. This proposal is subject to the approval of the ordinary general assembly of the shareholders of the Parent Company.

22 ISLAMIC FINANCE PAYABLES AND DEBT SETTLEMENT

	2024 KD	*2023 KD*
Relating to the Parent Company	**6,243**	6,217
Relating to subsidiaries [1]	**9,069,819**	11,364,232
	9,076,062	11,370,449

	2024 KD	*2023 KD*
Gross amount	**9,899,254**	12,737,058
Deferred payable	**(823,192)**	(1,366,609)
Net payable	**9,076,062**	11,370,449

[1] Islamic finance payables relating to one of the subsidiaries of the Group include KD 1,011,956 (2023: KD 1,290,191) are secured against collaterals in the form of investment properties amounting to KD 6,250,000 (2023: KD 6,250,000) (Note 17). These balances are due to a major shareholder (Note 26).

Islamic finance payables relating to the one of the subsidiaries of the Group include KD 8,057,863 (2023: KD 10,074,041) under Tawaruq agreements are unsecured and repayable within 1 to 5 years. The amount due is settled on a deferred payment basis and currently carrying profit at 5.5% per annum (2023: 5.75%).

23 OTHER LIABILITIES

	2024 *KD*	*2023* *KD*
Trade payables (Note 26)	**6,681,202**	7,251,852
Real estate payables	**700,000**	700,000
Advances from customers and security deposits	**1,406,864**	1,169,872
Provision for employees' end of service benefits and accrued staff leave	**5,229,127**	4,801,053
Dividends payable	**390,183**	368,962
Capital reduction payable	**207,114**	404,077
Amount due to related parties (Note 26)	**4,200**	74,546
Provisions and other accruals	**11,461,165**	11,869,164
Lease liabilities	**10,312,111**	251,038
KFAS payable	**92,799**	93,032
Other payables	**4,934,079**	5,065,763
	41,418,844	32,049,359

Set out below, are the carrying amount of the Group's lease liabilities and the movement during the year:

	2024 *KD*	*2023* *KD*
As at 1 January	**251,038**	1,471,871
Additions	**11,300,880**	69,312
Payments	**(1,697,750)**	(1,291,932)
Finance costs	**457,943**	33,213
Derecognition	**-**	(31,426)
As at 31 December	**10,312,111**	251,038

The following are the amounts recognised in consolidated statement of income:

	2024 *KD*	*2023* *KD*
Depreciation of right-of-use assets relating to leasehold rights (included under Note 7)	**1,183,372**	927,488
Depreciation of right-of-use assets (included with depreciation expense in the consolidated statement of profit or loss)	**246,224**	223,637
Finance costs on lease liabilities (included under Note 7)	**452,952**	21,921
Finance costs on lease liabilities (included under finance cost in the consolidated statement of profit or loss)	**4,991**	11,292
Total amount recognised in consolidated statement of profit or loss	**1,887,539**	1,184,338

24 CONTINGENCIES

At 31 December 2024, the Group's bankers have provided bank guarantees, amounting to KD 496,233 (2023: KD 392,854) from which it is anticipated that no material liabilities will arise.

25 FIDUCIARY ASSETS

Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the consolidated financial statements, as they are not assets of the Group.

The Group manages client asset in a fiduciary capacity. The client assets have no recourse to the general assets of the Group and the Group has no recourse to the assets under management. Accordingly, assets under management are not included in the consolidated financial statements, as they are not assets of the Group. As at 31 December 2024, assets under management amounted to KD 23,146,617 (2023: KD 26,003,019). Income earned from fiduciary assets amounted to KD 234,702 for the year ended 31 December 2024 (2023: KD 258,449), out of which KD 235,054 (2023: KD 247,592) is income earned from related parties (Note 26).

26 RELATED PARTY DISCLOSURES

These represent transactions with certain related parties (major shareholders, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence) entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Group's management.

The aggregate value of transactions and outstanding balances with related parties were as follows:

	Major shareholders KD	*Associates KD*	*Other related parties KD*	***Total 2024 KD***	*Total 2023 KD*
Finance costs	75,845	-	-	**75,845**	75,897
Advisory and management fees	-	(18,695)	253,749	**235,054**	247,592
Dividend Income	36,881	-	502,484	**539,365**	531,654

	Major shareholders KD	*Associates KD*	*Other related parties KD*	***Total 2024 KD***	*Total 2023 KD*
Cash and cash equivalents (Note 13)	178,968	-	-	**178,968**	111,468
Amount due from related parties (Note 18)	-	97,964	82,875	**180,839**	476,341
Financial assets at FVTPL	1,541,981	-	7,510,144	**9,052,125**	8,635,619
Islamic finance payables (Note 22)	1,011,956	-	-	**1,011,956**	1,290,191
Trade payables (Note 23)	-	-	597,005	**597,005**	995,103
Amount due to related parties (Note 23)	-	4,200	-	**4,200**	74,546

	Other related parties	
Other transactions	***Total 2024 KD***	*Total 2023 KD*
Purchases of inventories	**2,488,361**	2,774,118

Terms and conditions of transactions with related parties

Except for Islamic finance payables, outstanding balances at the year-end are unsecured, non-profit bearing and have no fixed repayment schedule. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Group has not recognised any additional allowance for expected credit losses relating to amounts owed by related parties (2023: KD Nil) as the Group has assessed its related parties to have low credit risk based on its strong liquidity position to meet its contractual cash flow obligations in the near term and therefore it does not expect to incur any significant credit losses on receivables from related parties.

26 RELATED PARTY DISCLOSURES (continued)

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

	2024	*2023*
	KD	*KD*
Directors' remuneration	**120,000**	120,000
Salaries and other short term benefits	**1,373,195**	1,240,719
Employees end of service benefits	**163,109**	231,451
	1,656,304	1,592,170

Directors' remuneration of the Parent company amounting to KD 120,000 for the year ended 31 December 2024 (2023: KD 120,000) is subject to approval of shareholders at the Annual General Meeting. Directors' remuneration of the Parent company amounting to KD 120,000 for the year ended 31 December 2023 was approved in the AGM of the shareholders of the Parent Company held on 4 March 2024.

27 SEGMENT INFORMATION

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

- **Islamic financing:** Providing a range of Islamic products to corporate and individual customers
- **Leasing Sector:** Leasing of vehicle and equipment to corporate and individual customers and investments with similar or related operations
- **Real estate:** Buying, selling, and investing in real estate
- **Proprietary investment and assets management:** Operations of Group's subsidiaries and associates (excluding leasing related subsidiaries and associates) and managing funds and portfolios.

27 SEGMENT INFORMATION (continued)

	Leasing sector KD	*Real estate KD*	*Proprietary investment and assets management KD*	*Others KD*	*Total KD*
2024					
Total assets	**79,844,429**	**26,735,732**	**49,339,786**	**10,068,113**	**165,988,060**
Total liabilities	**18,724,077**	**12,237,672**	**2,199,131**	**17,334,026**	**50,494,906**

	Islamic Financing KD	*Leasing sector KD*	*Real estate KD*	*Proprietary investment and assets management KD*	*Others KD*	*Total KD*
Year ended 31 December 2024						
Revenue	**28,862**	**13,671,611**	**2,017,289**	**6,025,181**	**378,475**	**22,121,418**
Segment profit (loss)	**75,742**	**7,280,675**	**1,170,763**	**3,907,036**	**(141,879)**	**12,292,337**
Depreciation	**-**	**(9,808,388)**	**(1,192,203)**	**(18,686)**	**-**	**(11,019,277)**
Net impairment losses, expected credit losses and provisions	**89,972**	**(175,569)**	**(49,210)**	**16,660**	**574,811**	**456,664**
Share of results of associates	**-**	**-**	**-**	**1,464,185**	**-**	**1,464,185**
Other disclosures:						
Capital expenditure	**-**	**225,916**	**11,157,204**	**37,864**	**42,454**	**11,463,438**
Investment in associates	**-**	**-**	**-**	**19,412,219**	**-**	**19,412,219**

27 SEGMENT INFORMATION (continued)

	Leasing sector KD	*Real estate KD*	*Proprietary investment and assets management KD*	*Others KD*	*Total KD*
2023					
Total assets	78,857,079	16,421,948	49,155,908	9,358,600	153,793,535
Total liabilities	20,961,265	1,955,394	2,586,198	17,916,951	43,419,808

	Islamic Financing KD	*Leasing sector KD*	*Real estate KD*	*Proprietary investment and assets management KD*	*Others KD*	*Total KD*
Year ended 31 December 2023						
Revenue	14,288	14,317,810	3,850,794	7,352,526	-	25,535,418
Segment profit (loss)	49,710	8,006,352	2,498,789	4,415,781	(1,319,640)	13,650,992
Depreciation	-	(9,389,654)	(949,683)	(47,775)	-	(10,387,112)
Amortisation of leasehold rights	-	-	(501,111)	-	-	(501,111)
Net impairment losses, expected credit losses and provisions	70,150	(307,186)	5,787	(975,441)	(466,184)	(1,672,874)
Share of results of associates	-	-	-	1,262,089	-	1,262,089
Other disclosures:						
Capital expenditure	-	172,498	1,690	-	72,033	246,221
Investment in associates	-	-	-	18,060,910	-	18,060,910

Geographical information
The majority of the Group's assets and revenue is based in the State of Kuwait.

28 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's achieving profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. Market risk is subdivided into profit rate risk, foreign currency risk and equity price risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

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

28.1 Credit risk

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

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

	2024	*2023*
	KD	*KD*
Cash and short-term deposits	**17,587,571**	19,733,927
Trade receivables	**2,119,064**	1,988,570
Receivables from related parties	**180,839**	476,341
Refundable deposits, dividend receivables and other receivables*	**1,647,341**	1,286,438
	21,534,815	23,485,276

** excluding advances and prepayments*

Cash and short-term deposits

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

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

Trade receivables and other receivables

The Group uses a provision matrix based on the Group's historical observed default rates to measure the ECLs of trade receivables and other receivables from individual customers, which comprise a very large number of small balances. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Generally, trade receivables and other receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

28 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

28.1 Credit risk (continued)

Trade receivables and other receivables (continued)
Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Trade receivables			
2024		*Days past due*		
	Current	***91-180 days***	***>180 days***	***Total***
	KD	***KD***	***KD***	***KD***
Gross carrying amount	**2,046,780**	**514,111**	**7,779,937**	**10,340,828**
Estimated credit loss	**510,426**	**325,536**	**7,385,802**	**8,221,764**
Expected credit loss rate	**25%**	**63%**	**95%**	**80%**

	Trade receivables			
2023		*Days past due*		
	Current	*91-180 days*	*>180 days*	*Total*
	KD	*KD*	*KD*	*KD*
Gross carrying amount	1,991,416	346,167	7,723,931	10,061,514
Estimated credit loss	595,921	184,712	7,292,311	8,072,944
Expected credit loss rate	30%	53%	94%	80%

Amounts due from related parties
The net outstanding balance of amounts due from related parties are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term. As a result, the impact of applying the expected credit risk model at the reporting date on the outstanding balances was immaterial.

Significant increase in credit risk
The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assess as whether there has been a significant increase in credit risk since initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk. In addition to the above quantitative criteria, the Group applies qualitative criteria for the assessment of significant increase in credit risk based on monitoring of certain early warning signals.

Measurement of ECLs
ECLs are probability-weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represents the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk assumptions, nature and value of collaterals, forward-looking macro-economic scenarios, etc.

The Group calculates ECL on credit facilities classified in stage 3 at 100% of the defaulted exposure net of value of eligible collaterals after applying applicable haircuts.

28 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

28.1 Credit risk (continued)

PD estimation process
The probability of default (PD) is the likelihood that an obligor will default on its obligations in the future. IFRS 9 requires the use of separate PD for a 12-month duration and lifetime duration depending on the stage allocation of the obligor. A PD used for IFRS 9 should reflect the Group's estimate of the future asset quality. The Group utilises the internal credit standings of its Islamic financing customers and other measures and techniques which seek to take account of all aspects of perceived risk in estimating the PD for IFRS 9. Furthermore, the Group also considers CBK's requirements on flooring of PD for credit facilities.

Exposure at default
Exposure at default (EAD) represents the amount which the obligor will owe to the Group at the time of default. The Group considers EAD based on CBK's guidelines on credit conversion factors to be applied on utilised portions for cash facilities.

Loss given default
Loss given default (LGD) is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based CBK's guidelines on eligible collaterals with prescribed haircuts for determining LGD.

28.2 Liquidity risk
Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on an ongoing basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Group also has lines of credit that it can access to meet liquidity needs.

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

2024	***On demand KD***	***Less than 3 months KD***	***3 to 12 months KD***	***1 to 5 years KD***	***> 5 years KD***	***Total KD***
Islamic finance payables	**-**	**1,318,334**	**2,002,591**	**6,578,329**	**-**	**9,899,254**
Lease liabilities	**-**	**376,200**	**1,143,240**	**5,829,200**	**5,880,000**	**13,228,640**
Other liabilities*	**4,200**	**8,494,269**	**7,535,421**	**9,649,512**	**-**	**25,683,402**
	4,200	**10,188,803**	**10,681,252**	**22,057,041**	**5,880,000**	**48,811,296**

2023	*On demand KD*	*Less than 3 months KD*	*3 to 12 months KD*	*1 to 5 years KD*	*Total KD*
Islamic finance payables	-	2,442,915	1,258,041	9,036,102	12,737,058
Lease liabilities	-	51,785	168,420	32,249	252,454
Other liabilities*	74,546	7,812,168	3,878,078	15,187,318	26,952,110
	74,546	10,306,868	5,304,539	24,255,669	39,941,622

* *Excluding advances and provision for employees' end of service benefits*

28 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

28.3 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, a continuous appraisal of market conditions and trends and management's estimate of long- and short-term changes in fair value.

28.3.1 Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio. Equity price risk is managed by the direct investment department of the Parent Company. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Group's quoted investments are listed on the Kuwait Stock Exchange.

The effect on Group's profit (as a result of a change in the fair value of financial assets at fair value through profit or loss) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	2024		*2023*	
Stock Prices	***Change in equity price %***	***Effect on profit KD***	*Change in Equity price %*	*Effect on profit KD*
Boursa Kuwait	**5%**	**176,023**	5%	288,530

28.3.2 Profit rate risk

Profit rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market profit rate.

The Group's profit rate risk primarily arises from its borrowings. The Group is subject to limited exposure to profit rate risk due to the fact that this comprises of Islamic finance payables which are fixed-rate instruments and may be repriced immediately based on market movement in profit rates.

28.3.3 Foreign currency risk

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

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

The Group does not have significant foreign currency exposures at 31 December 2024 and 31 December 2023 as its monetary assets and liabilities are primarily denominated in Kuwaiti Dinar.

29 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

2024	*Within 3 months KD*	*3 to 6 months KD*	*6 to 12 months KD*	*1 to 3 years KD*	*Over 3 years KD*	*Total KD*
ASSETS						
Cash and cash equivalent	**17,587,571**	-	-	-	-	**17,587,571**
Financial assets at FVTPL	-	-	-	**4,851,558**	**7,510,144**	**12,361,702**
Investment in associates	-	-	-	-	**19,412,219**	**19,412,219**
Investment properties	-	-	-	-	**30,199,631**	**30,199,631**
Other assets	**7,353,518**	**841,806**	**1,399,671**	-	-	**9,594,995**
Property and equipment	**5,017,987**	**4,797,361**	**12,667,386**	**33,031,359**	**21,317,850**	**76,831,942**
TOTAL ASSETS	**29,959,076**	**5,639,167**	**14,067,057**	**37,882,917**	**78,439,844**	**165,988,060**

2024	*Within 3 months KD*	*3 to 6 months KD*	*6 to 12 months KD*	*1 to 3 Years KD*	*Over 3 years KD*	*Total KD*
LIABILITIES						
Islamic finance payables	**1,266,498**	-	**1,809,564**	**4,000,000**	**2,000,000**	**9,076,062**
Other liabilities	**9,357,977**	**1,226,603**	**7,270,636**	**11,561,601**	**12,002,027**	**41,418,844**
TOTAL LIABILITIES	**10,624,475**	**1,226,603**	**9,080,200**	**15,561,601**	**14,002,027**	**50,494,906**
NET	**19,334,601**	**4,412,564**	**4,986,857**	**22,321,316**	**64,437,816**	**115,493,154**

29 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

2023	*Within 3 months* *KD*	*3 to 6 months* *KD*	*6 to 12 months* *KD*	*1 to 3 years* *KD*	*Over 3 years* *KD*	*Total* *KD*
ASSETS						
Cash and cash equivalent	19,717,907	-	-	16,020	-	19,733,927
Financial assets at FVTPL	80,000	-	986,134	3,158,784	7,461,967	11,686,885
Investment in associates	1,171	-	-	-	18,059,739	18,060,910
Investment properties	-	-	-	-	30,603,517	30,603,517
Other assets	6,472,870	896,669	1,207,217	-	-	8,576,756
Property and equipment	4,078,570	5,093,968	10,510,934	30,401,798	15,046,270	65,131,540
TOTAL ASSETS	30,350,518	5,990,637	12,704,285	33,576,602	71,171,493	153,793,535

2023	*Within 3 months* *KD*	*3 to 6 months* *KD*	*6 to 12 months* *KD*	*1 to 3 years* *KD*	*Over 3 years* *KD*	*Total* *KD*
LIABILITIES						
Islamic finance payables	2,370,449	-	1,000,000	4,000,000	4,000,000	11,370,449
Other liabilities	8,320,652	2,065,939	2,268,465	14,854,479	4,539,824	32,049,359
TOTAL LIABILITIES	10,691,101	2,065,939	3,268,465	18,854,479	8,539,824	43,419,808
NET	19,659,417	3,924,698	9,435,820	14,722,123	62,631,669	110,373,727

30 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2024.

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

	2024 ***KD***	*2023* *KD*
Islamic finance payables	**9,076,062**	11,370,449
Less: cash and short-term deposits	**(17,587,571)**	(19,733,927)
Net debt	**(8,511,509)**	(8,363,478)
Equity attributable to the equity holders of the Parent Company	**103,674,138**	98,056,780
Capital and net debt	**95,162,629**	89,693,302
Gearing ratio	-	-

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

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair values of its assets and liabilities by valuation technique:

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

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

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

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

31 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

Unquoted equity investments
The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. Unquoted equity securities are valued based on dividend discount model and book value and price to book multiple method, multiples using latest financial statements available of the investee entities after considering for Discount for lack of marketability (DLOM) in the range of 20%-40%. The Group classifies the fair value of these investments as Level 3.

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

Funds and portfolio
The Group invests in managed funds and portfolio, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods. The management considers the valuation techniques and inputs used in valuing these funds and portfolio as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the Net Asset Value (NAV) of these investee funds and portfolio may be used as an input into measuring their fair value. The Group classifies these funds and portfolio as Level 3.

The following table shows an analysis of the assets measured at fair value by level of the fair value hierarchy:

2024	*Quoted prices in active markets (Level 1) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
Assets measured at fair value:			
Financial assets at FVTPL			
Local quoted equity securities	**9,819,817**	**-**	**9,819,817**
Local funds	**-**	**466,211**	**466,211**
Foreign portfolio	**-**	**458,347**	**458,347**
Local unquoted equity securities	**-**	**1,259,990**	**1,259,990**
Foreign quoted equity securities	**210,555**	**-**	**210,555**
Foreign unquoted equity securities	**-**	**146,782**	**146,782**
	10,030,372	**2,331,330**	**12,361,702**

31 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

2023	*Quoted prices in active markets (Level 1) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
Assets measured at fair value:			
Financial assets at FVTPL			
Local quoted equity securities	9,397,884	-	9,397,884
Foreign quoted equity securities	-	466,180	466,180
Local funds	-	451,770	451,770
Foreign portfolio	-	1,149,108	1,149,108
Local unquoted equity securities	-	221,943	221,943
	9,397,884	2,289,001	11,686,885

There was a transfer from level 1 to level 3 of the fair value hierarchy during 2024 due to a de-listing of one investment.

Reconciliation of Level 3 fair values

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

	Financial assets at FVTPL KD
As at 1 January 2024	**2,289,001**
Disposal	**(863,343)**
Remeasurements recognised in profit or loss	**905,672**
As at 31 December 2024	**2,331,330**

	Financial assets at FVTPL KD
As at 1 January 2023	1,808,465
Transfer from Level 1	26,562
Addition	200,000
Disposal	(1,135,517)
Remeasurements recognised in profit or loss	1,389,491
As at 31 December 2023	2,289,001

Fair value of other financial instruments is not materially different from their carrying values, at the reporting date, as most of these instruments are of short term maturity or re-priced immediately based on market movement in profit rates.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Description of significant unobservable inputs to valuation

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of inputs to the fair value
Unquoted equity securities	▶ Multiple approach	DLOM*	20% - 40%	Increase (decrease) in the discount would decrease (increase) fair value

* Discount for lack of marketability (DLOM) represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or re-priced immediately based on market movement in interest rate.

For assets classified as level 3, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; or other valuation models. The Group has also performed a sensitivity analysis by varying these input factors by 5%. Based on such analysis, no significant changes in fair values were noted.

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REPORT ON AUDITORS REMUNERATION

Report on Auditors Remuneration

Remuneration incurred for various services provided by statutory auditors of Aayan Leasing & Investment company KSCP and its subsidiaries for the year

	in '000 KWD	
	Year 2024	Year 2023
Audit and Review services	69	61
Non Audit/Review services	18	8
Total Remuneration for the year	87	69

Ernst and Young (EY) Kuwait is the stutatory auditor for Aayan Leasing & Investment Company KSCP and its subsidiaries companies based in Kuwait

The Audit Committee has considered non-audit/review services provided by auditors and is satisfied that the services and the level of fees are compatible with maintaining auditor independence. All services were satisfied by the audit committee in accordance with the approved policies and procedures. Auditors also have confirmed that the existence of specific internal processes and policies in place to ensure auditors independence.

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