



Grant Thornton

Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

Arzan Financial Group for Financing and Investment – KPSC

and its Subsidiaries

Kuwait

30 June 2025 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Arzan Financial Group for Financing and Investment - KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arzan Financial Group for Financing and Investment - KPSC (“the Parent Company”) and its subsidiaries (“the Group”) as at 30 June 2025 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three-month and six-month periods then ended and, interim condensed consolidated changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.

Emphasis of Matter

We draw attention to Note 5.1 to the interim condensed consolidated financial information, which describes the possible material effects of uncertainty with respect to the Group’s exposure in Lebanon. Our conclusion is not modified in respect of this matter.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016 and its Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the six-month period ended 30 June 2025 that might have had a material effect on the business or financial position of the Parent Company.

Report on Review of Interim Condensed Consolidated Financial Information of Arzan Financial Group for Financing and Investment - KPSC (continued)

Report on review of other legal and regulatory requirements (continued)

We further report that, during the course of our review, we have not become aware of any material 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 the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2025 that might have had a material effect on the business or financial position of the Parent Company.



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

Kuwait
6 August 2025

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Six months ended	
		30 June 2025 (Unaudited) KD	30 June 2024 (Unaudited) KD	30 June 2025 (Unaudited) KD	30 June 2024 (Unaudited) KD
Income					
Income from instalment credit debtors		28,935	53,171	84,645	133,531
Revenue from contracts with customers		647,788	435,065	1,169,414	1,027,047
Realised profit from instalment sales		690,366	434,736	1,274,634	780,029
Gain on sale of property held for trading		52,123	-	52,123	-
Rental income		56,935	55,935	113,869	114,229
Interest income		276,367	90,282	438,842	215,473
Gain on sale of financial assets at fair value through profit or loss		148,590	14,292	660,205	202,986
Change in fair value of financial assets at fair value through profit or loss		253,305	(225,690)	1,187,505	1,549,660
Share of results of associates	13	1,389,719	1,531,077	7,263,410	2,384,775
Dividends income		3,451,816	3,115,067	3,899,851	3,506,832
(Loss)/profit on foreign currency exchange		(87,254)	(161,230)	(101,953)	983,390
Other income		59,211	28,791	116,673	117,783
Reversal of provision/(Provision) for instalment credit debtors – net	8.3	38,775	(45,062)	16,660	(16,288)
Reversal of provision for credit losses of restricted cash and cash equivalents	7.2	11,495	-	9,864	317,375
		7,018,171	5,326,434	16,185,742	11,316,822
Expenses and other charges					
Staff costs		(990,738)	(952,751)	(2,012,700)	(1,678,113)
General and administrative expenses		(576,902)	(523,515)	(1,210,568)	(966,826)
Finance costs		(645,903)	(474,849)	(1,323,495)	(931,988)
Depreciation		(69,896)	(55,504)	(116,576)	(108,656)
Provision for doubtful debts - net		(325,183)	(440,479)	(623,095)	(723,525)
		(2,608,622)	(2,447,098)	(5,286,434)	(4,409,108)
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat					
		4,409,549	2,879,336	10,899,308	6,907,714
Provision for KFAS		5,616	26,985	-	-
Provision for NLST		(400,884)	(131,652)	(496,004)	(192,611)
Provision for Zakat		(152,887)	(44,823)	(160,516)	(61,542)
Profit for the period		3,861,394	2,729,846	10,242,788	6,653,561
Attributable to:					
Owners of the Parent Company		2,478,552	1,541,328	9,386,687	5,322,588
Non-controlling interests		1,382,842	1,188,518	856,101	1,330,973
Profit for the period		3,861,394	2,729,846	10,242,788	6,653,561
Basic earnings per share attributable to the owners of the Parent Company (Fils)					
	6	2.734	1.735	10.355	5.984
Diluted earnings per share attributable to the owners of the Parent Company (Fils)					
	6	2.730	1.733	10.343	5.975

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

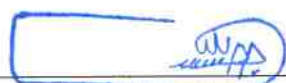
Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended		Six months ended	
	30 June 2025 (Unaudited) KD	30 June 2024 (Unaudited) KD	30 June 2025 (Unaudited) KD	30 June 2024 (Unaudited) KD
Profit for the period	3,861,394	2,729,846	10,242,788	6,653,561
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Financial assets at fair value through other comprehensive income:				
- Net change in fair value arising during the period	9,730,293	(4,956,954)	26,779,576	21,753,410
Share of other comprehensive income/(loss) of associates (Note 13)	138,714	(8,915)	865,210	256,357
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Financial assets at fair value through other comprehensive income:				
- Net change in fair value arising during the period	-	(69,189)	88,201	(89,902)
Exchange differences arising on translation of foreign operations	(380,857)	(90,751)	(330,664)	(1,703,752)
Total other comprehensive income/(loss) for the period	9,488,150	(5,125,809)	27,402,323	20,216,113
Total comprehensive income/(loss) for the period	13,349,544	(2,395,963)	37,645,111	26,869,674
Attributable to:				
Owners of the Parent Company	8,431,562	(3,125,148)	25,778,765	18,000,712
Non-controlling interests	4,917,982	729,185	11,866,346	8,868,962
Total comprehensive income/(loss) for the period	13,349,544	(2,395,963)	37,645,111	26,869,674

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Assets				
Cash and cash equivalents	7.1	17,773,056	3,810,901	4,065,191
Term deposits	7.1	387,546	434,311	475,762
Instalment credit debtors	8	784,271	757,781	886,289
Financial assets at fair value through profit or loss	9	24,591,795	41,032,693	23,100,061
Accounts receivable and other assets	10	14,060,008	9,441,029	8,487,424
Assets held for sale	11	8,114,096	6,594,129	-
Properties held for trading		1,866,235	1,911,617	1,416,362
Financial assets at fair value through other comprehensive income	12	167,671,169	159,190,513	139,941,917
Investment in associates	13	98,292,776	55,213,376	51,735,799
Properties under development		1,680,710	1,589,939	1,784,366
Investment properties		1,273,395	1,302,765	1,332,135
Property and equipment		1,835,877	1,919,698	1,955,942
Total assets		338,330,934	283,198,752	235,181,248
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities	14	12,257,692	10,417,934	10,072,209
Term loans	15	2,996,000	2,196,000	10,732,834
Murabaha payable	16	58,764,576	41,482,130	15,978,250
Provision for employees' end of service benefits		2,057,200	1,892,415	1,840,525
Total liabilities		76,075,468	55,988,479	38,623,818
Equity				
Share capital	17	90,743,393	86,422,279	86,422,279
Share premium		9,355,213	9,355,213	9,355,213
Treasury shares	18	(4,549)	(243,811)	(2,081,938)
Treasury shares reserve		2,434,930	2,341,230	348,555
Statutory reserve		4,144,801	4,144,801	2,698,457
Voluntary reserve		2,987,967	2,987,967	1,541,623
Share based payments reserve		181,821	169,295	169,295
Foreign currency translation reserve		(6,562,432)	(6,311,708)	(6,374,332)
Fair value reserve		53,601,880	53,749,818	41,908,216
Retained earnings		38,642,039	19,671,447	13,586,812
Total equity attributable to the owners of the Parent Company		195,525,063	172,286,531	147,574,180
Non-controlling interests		66,730,403	54,923,742	48,983,250
Total equity		262,255,466	227,210,273	196,557,430
Total liabilities and equity		338,330,934	283,198,752	235,181,248



Jassem Hasan Zainal
Vice chairman and CEO

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company											Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Share -based payment reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub-Total KD	KD	KD
Balance at 31 December 2024 (Audited)	86,422,279	9,355,213	(243,811)	2,341,230	4,144,801	2,987,967	169,295	(6,311,708)	53,749,818	19,671,447	172,286,531	54,923,742	227,210,273
Bonus shares distributions (Note 24)	4,321,114	-	-	-	-	-	-	-	-	(4,321,114)	-	-	-
Cash dividends (Note 24)	-	-	-	-	-	-	-	-	-	(2,592,608)	(2,592,608)	-	(2,592,608)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(75,051)	(75,051)
Purchase of treasury shares	-	-	(32,825)	-	-	-	-	-	-	-	(32,825)	-	(32,825)
Sale of treasury shares	-	-	88	31	-	-	-	-	-	-	119	-	119
Cost of share-based payments	-	-	-	-	-	-	91,083	-	-	-	91,083	-	91,083
Distribution of share-based payments	-	-	271,999	93,669	-	-	(78,557)	-	-	(293,113)	(6,002)	-	(6,002)
Non-controlling interests resulting from increase of the capital of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	39,362	39,362
Net movement to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(23,996)	(23,996)
Transactions with owners	4,321,114	-	239,262	93,700	-	-	12,526	-	-	(7,206,835)	(2,540,233)	(59,685)	(2,599,918)
Profit for the period	-	-	-	-	-	-	-	-	-	9,386,687	9,386,687	856,101	10,242,788
Other comprehensive income for the period	-	-	-	-	-	-	-	(250,724)	16,642,802	-	16,392,078	11,010,245	27,402,323
Total comprehensive income for the period	-	-	-	-	-	-	-	(250,724)	16,642,802	9,386,687	25,778,765	11,866,346	37,645,111
Gain/(loss) on reclassification/disposal of financial assets at FVTOCI	-	-	-	-	-	-	-	-	(16,786,492)	16,786,492	-	-	-
Gain on reclassification	-	-	-	-	-	-	-	-	(2,884)	2,884	-	-	-
Gain on disposal	-	-	-	-	-	-	-	-	(1,364)	1,364	-	-	-
Impact of disposal from associate	-	-	-	-	-	-	-	-	(16,790,740)	16,790,740	-	-	-
Balance as at 30 June 2025 (Unaudited)	90,743,393	9,355,213	(4,549)	2,434,930	4,144,801	2,987,967	181,821	(6,562,432)	53,601,880	38,642,039	195,525,063	66,730,403	262,255,466

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the Parent Company												Total KD
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Share - based payment reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub-Total KD	Non-controlling interests KD	
Balance at 31 December 2023 (Audited)	83,098,345	9,355,213	(1,509,861)	282,455	2,698,457	1,541,623	133,296	(4,730,933)	33,955,998	6,960,302	131,784,895	40,138,098	171,922,993
Bonus shares distributions (Note 24)	3,323,934	-	-	-	-	-	-	-	-	(3,323,934)	-	-	-
Cash dividends (Note 24)	-	-	-	-	-	-	-	-	-	(1,623,870)	(1,623,870)	-	(1,623,870)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(75,139)	(75,139)
Purchase of treasury shares	-	-	(656,197)	-	-	-	-	-	-	-	(656,197)	-	(656,197)
Cost of share-based payments	-	-	-	-	-	-	78,336	-	-	-	78,336	-	78,336
Distribution of share-based payments	-	-	84,120	66,100	-	-	(42,337)	-	-	(117,579)	(9,696)	-	(9,696)
Non-controlling interests resulting from establishment and increase of the capital of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	49,000	49,000
Net movement to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,329	2,329
Transactions with owners	3,323,934	-	(572,077)	66,100	-	-	35,999	-	-	(5,065,383)	(2,211,427)	(23,810)	(2,235,237)
Profit for the period	-	-	-	-	-	-	-	-	-	5,322,588	5,322,588	1,330,973	6,653,561
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(1,643,399)	14,321,523	-	12,678,124	7,537,989	20,216,113
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(1,643,399)	14,321,523	5,322,588	18,000,712	8,868,962	26,869,674
Gain on sale and reclassification of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(6,369,305)	6,369,305	-	-	-
Balance as at 30 June 2024 (Unaudited)	86,422,279	9,355,213	(2,081,938)	348,555	2,698,457	1,541,623	169,295	(6,374,332)	41,908,216	13,586,812	147,574,180	48,983,250	196,557,430

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Notes	Six months ended 30 June 2025 (Unaudited) KD	Six months ended 30 June 2024 (Unaudited) KD
Operating activities			
Profit for the period		10,242,788	6,653,561
Adjustments:			
Interest income		(438,842)	(215,473)
Dividends income		(3,899,851)	(3,506,832)
Share of results of associates	13	(7,263,410)	(2,384,775)
Gain on disposal of properties held for trading		(52,123)	-
(Reversal of provision)/Provision for instalment credit debtors - net	8.3	(16,660)	16,288
Depreciation		116,576	108,656
Finance costs		1,323,495	931,988
Cost of share-based payments		91,083	78,336
Provision for doubtful debts – net		623,095	723,525
Provision for employees' end of service benefits		213,081	81,144
Reversal of provision for credit losses for restricted cash and cash equivalents	7.2	(9,864)	(317,375)
		929,368	2,169,043
Changes in operating assets and liabilities:			
Instalment credit debtors		(9,830)	(38,457)
Financial assets at fair value through profit or loss		(49,072)	(1,241,880)
Accounts receivable and other assets		(5,024,954)	(1,356,357)
Accounts payable and other liabilities		1,768,392	(974,487)
Employees' end of service benefits paid		(26,070)	-
Net cash used in operating activities		(2,412,166)	(1,442,138)
Investing activities			
Purchase of property and equipment		(3,624)	(51,712)
Proceeds from disposal of properties held for trading		98,141	-
Purchase of financial assets at fair value through other comprehensive income		(1,537,414)	(6,449,529)
Proceeds from sale of financial assets at fair value through other comprehensive income		1,092,876	2,558,476
Net movement in assets held for sale		(1,269,324)	-
Term deposits		46,765	-
Restricted cash and cash equivalents	7.2	9,864	317,375
Dividend income received		3,899,851	3,506,832
Dividend income received from associates	13	86,676	1,342,796
Interest income received		221,724	166,302
Additions to real estate portfolios		(84,928)	(43,796)
Net cash from investing activities		2,560,607	1,346,744
Financing activities			
Net increase in term loans		800,000	140,000
Net increase in murabaha payable		17,282,446	1,645,850
Purchase of treasury shares		(32,825)	(656,197)
Sale of treasury shares		88	-
Finance costs paid		(1,252,128)	(897,227)
Dividends paid to non- controlling interests		(75,051)	(75,139)
Dividends paid to shareholders		(2,577,339)	(1,586,730)
Net movement in non-controlling interests		(23,996)	2,329
Net cash from/(used in) financing activities		14,121,195	(1,427,114)
Net increase/(decrease) in cash and cash equivalents		14,269,636	(1,522,508)
Foreign currency translation adjustments		(307,481)	(1,176,738)
Cash and cash equivalents at beginning of the period	7.1	3,810,901	6,764,437
Cash and cash equivalents at end of the period	7.1	17,773,056	4,065,191

The notes set out on pages 9 to 26 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Arzan Financial Group for Financing and Investment – KPSC (“the Parent Company”) was incorporated in Kuwait on 15 April 1980 in accordance with the Companies Law under the name of International Transport Equipment Company – KSC (Closed). On 14 December 1996 an extraordinary general assembly resolved to change the name of the Parent Company to International Murabaha Company – KSC (Closed). Later, on 24 April 2002 an extraordinary general assembly resolved to change the name of the Parent Company to International Finance Company – KPSC and to expand its permitted activities.

The extraordinary general assembly held on 24 July 2013 approved to change the name of the Parent Company from International Finance Company – KPSC to Arzan Financial Group for Financing and Investment – KPSC which has been registered in the commercial register under No. 29629 on 11 November 2013.

The Parent Company is listed on Bursa Kuwait and is governed under the directives of Central Bank of Kuwait and Capital Markets Authority.

The Group comprises the Parent Company and its subsidiaries (together referred to as “the Group”).

The Parent Company’s objectives to be as follows:

- Retail of light and heavy equipment and their accessories.
- Wholesale and retail of new private cars.
- Wholesale and retail of second-hand private cars.
- Wholesale and retail of new heavy transport vehicles.
- Wholesale and retail of second-hand heavy transport vehicles.
- Finance services.
- Renting and leasing scientific, commercial and industrial machinery and equipment.
- Renting construction equipment.
- Purchase and sale of land and real estate.
- Operating and renting owned or leased properties.
- Management and development of land and real estate.
- Manager of investment portfolio.
- Collective investment scheme manager.
- Unregistered securities broker in the stock exchange.
- Investing its funds by trading in stocks, bonds and other securities.
- Currency exchange.
- Wholesale of precious stones.
- Wholesale of gold and precious metals.
- Consulting for commercial projects.
- Managing its subsidiaries or participating in managing other companies where it has a shareholding therein, and providing the required support for them.
- Project Management.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Owning intellectual property rights such as patents, trademarks, industrial models, royalties and other moral rights, utilizing and renting them to the holding companies affiliated to them and to other companies.
- Owning movables and properties required to carry out its activities pursuant to the limits prescribed by law.
- Investment consultant.
- Placement agent.
- Financing or lending companies in which the Company holds shares or stakes and guaranteeing them against others. In this case, the contribution ratio of the holding company in the share capital of the borrowing company shall not be less than twenty percent.

The Parent Company may have an interest or participate in any way with companies that engage in similar business to it in achieving its objectives in the State of Kuwait or abroad, and it may establish, purchase, or attach themselves to such companies.

The address of the Parent Company's registered office is PO Box 26442, Safat 13125, State of Kuwait.

This interim condensed consolidated financial information for the six-month period ended 30 June 2025 was authorized for issue by the Parent Company's board of directors on 6 August 2025.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2025 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The annual consolidated financial statements for the year ended 31 December 2024 were prepared in accordance with the IFRS Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB"), modified for use by the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). The modification requires adoption of all IFRS Accounting Standards for such institutions except for the IFRS 9 requirement for estimated credit losses ("ECL") for loans and receivables, which has been replaced by the CBK requirement for the ECL to be measured at the higher of the ECL on credit facilities computed under IFRS 9 under CBK guidelines and the provision required under CBK instructions, and the consequent impact on the related disclosures.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars (KD), which is the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with the IFRS Accounting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six-month period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025. For further details, refer to the consolidated financial statements and their disclosures for the year ended 31 December 2024.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the amendments to the IFRS Accounting Standards effective as of 1 January 2025 as described in note 3.1. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New and amended IFRS Accounting Standards adopted by the Group

The following amendments to IAS 21 were effective for the current period:

IAS 21 Amendments – Lack of exchangeability

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

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

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

4 Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2024.

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiaries

5.1 The Group's subsidiary, International Finance Company - SAL ("IFC"), is located in Lebanon which is currently witnessing significant economic and political turmoil. These events include significant controls on the Lebanese banking system including placing limits on cash withdrawals of foreign currency bank balances, limits on international bank transfers and reduction of contracted interest rates on foreign currency term deposits. These measures have significantly curtailed the ability of the Group to access the cash and other assets of IFC. Moreover, the Government of Lebanon defaulted on its sovereign debt obligation. The rating agencies have downgraded the sovereign rating of Lebanon as well as some of Lebanese banks including the bank where the subsidiary's cash is primarily deposited. Furthermore, the economy of Lebanon is now considered a hyperinflationary economy.

Further, due to the current economic conditions, the subsidiary has ceased its new lending operations and in the process of monitoring the business activities closely.

Management has assessed the potential effects of these events on its ability to continue to exercise control over IFC Lebanon and concluded that it still has the power and ability to use that power to affect returns and that it is still exposed to variable returns of the subsidiary. Accordingly, it continues to consolidate the subsidiary.

Certain assets in that same subsidiary decreased in value when converted to Kuwaiti Dinars (mainly: restricted cash and cash equivalents in Lebanese Pounds), which were previously fully provided for (total provision of KD6,420,471 was recognized at that time and accumulated at the consolidation level). This decrease in value, resulted in decrease in the provision balance against these assets. This decrease in provision amounting to KD9,864 was recognized as "reversal of provision for credit losses of restricted cash and cash equivalents" (31 December 2024: reversal of a provision of KD318,238 and 30 June 2024: reversal of provision of KD317,375) (refer Note 7.2.1).

Furthermore, and because the subsidiary in Lebanon holds monetary assets (mainly: bank balances and other assets) in foreign currencies significantly higher than its liabilities in foreign currencies, and due to the official devaluation of the LP, this resulted in a foreign currency exchange loss of KD41,823 (31 December 2024: gain of KD1,101,577 and 30 June 2024: gain of KD1,228,853) recognized in the interim condensed consolidated statement of profit or loss for the period.

The Group's management believes that the carrying value of the Group's investment in Lebanon is recoverable and there are currently no indications that any further material additional impairment loss is required to be recognised.

Summarised financial information of IFC Lebanon as at and for the period ended 30 June 2025 is set out below:

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Properties held for trading	456,705	456,705	456,705
Financial assets at FVOCI	-	-	304,470
Other assets	57,534	41,111	43,916
Total assets	514,239	497,816	805,091
Accounts payable and other liabilities	251,927	256,958	238,075
Provision for employee's end of service benefits	1,168	-	-
Total liabilities	253,095	256,958	238,075

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiaries (continued)

	Six months ended 30 June 2025 (Unaudited) KD	Six months ended 30 June 2024 (Unaudited) KD
Income from instalment credit	13,841	1,395
Loss for the period	(3,573)	(1,550,929)

5.2 Establishment of a new subsidiary

During the current period, the Group contributed to the establishment of a new subsidiary, i.e. Arzan Gulf Partners Group Limited Company, in the Cayman Islands with a share capital of USD 50,000, in which the Group holds 100%. The principal activity of the new subsidiary is asset management platform in the GCC region.

6 Basic and diluted earnings per share attributable to the owners of the Parent Company

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period excluding treasury shares as follows:

	Three months ended		Six months ended	
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	2,478,552	1,541,328	9,386,687	5,322,588
Weighted average number of shares outstanding during the period to be used to account for basic earnings per share (excluding treasury shares)	906,700,684	888,164,698	906,521,089	889,482,892
Shares to be issued for no consideration under share-based payments	1,051,508	1,373,837	1,051,508	1,373,837
Weighted average number of shares outstanding during the period to be used to account for diluted earnings per share (excluding treasury shares)	907,752,192	889,538,535	907,572,597	890,856,729
Basic earnings per share attributable to the owners of the Parent Company (Fils)	2.734	1.735	10.355	5.984
Diluted earnings per share attributable to the owners of the Parent Company (Fils)	2.730	1.733	10.343	5.975

The comparative weighted average number of shares for calculating the basic and diluted earnings per share has been adjusted to reflect the bonus shares at 5% issued during the current period (Note 24).

The basic and diluted earnings per share reported during the three months ended 30 June 2024 were 1.824 Fils and 1.821 Fils respectively and the basic and diluted earnings per share reported during the six months period ended 30 June 2024 were 6.289 Fils and 6.279 Fils respectively, before retroactive adjustments relating to bonus shares issued during the current period

Notes to the interim condensed consolidated financial information (continued)

7 Cash and cash equivalents

7.1 Cash and cash equivalents

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Cash and bank balances	11,823,219	3,579,706-	3,568,145
Cash in managed portfolios	5,885,246	209,479	404,920
Total cash and bank balances	17,708,465	3,789,185	3,973,065
Term deposits with contractual maturity not exceeding three months	64,591	21,716	92,126
Term deposits with contractual maturity exceeding three months	387,546	434,311	475,762
Total term deposits	452,137	456,027	567,888
	18,160,602	4,245,212	4,540,953
Less: Term deposits with contractual maturity exceeding three months	(387,546)	(434,311)	(475,762)
Cash and cash equivalent as per the consolidated statement of cash flows	17,773,056	3,810,901	4,065,191

Cash in managed portfolios includes an amount of KD2,160,753 (31 December 2024: KD31,645 and 30 June 2024: KD68,713) pledged against term loans (Note 15) and Murabaha payable (Note 16).

7.2 Restricted cash and cash equivalents

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Cash and bank balances	144,576	154,388	155,474
Term deposits with contractual maturity not exceeding three months	2,951,505	2,951,557	2,951,334
	3,096,081	3,105,945	3,106,808
Provision for credit losses (7.2.1 below)	(3,096,081)	(3,105,945)	(3,106,808)
Restricted cash and cash equivalents	-	-	-

7.2.1 Restricted cash and cash equivalents include balances deposited in a bank located in Lebanon. Due to the current political and economic events, the central bank of Lebanon imposed a series of measures including restrictions on withdrawals and limitation of transfers of money abroad. Consequently, the Group lacks access to these bank balances on time and in full. The balance of cash and cash equivalents restricted in Lebanon was decreased and the Group recognised a reversal of provision for credit losses of KD9,864 (31 December 2024: reversal of a provision of KD318,238 and 30 June 2024: reversal of a provision of KD317,375) against these restricted cash and cash equivalents of its subsidiary “IFC Lebanon” (Note 5.1).

7.3 The term deposits carry an effective interest rate ranging from 3.25% to 5.5% (31 December 2024: 3.25% to 6.6% and 30 June 2024: 6.25% to 6.6%) per annum.

Notes to the interim condensed consolidated financial information (continued)

8 Instalment credit debtors

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Gross instalment credit debtors	3,230,165	3,224,827	3,480,961
Deferred income	(244,131)	(248,623)	(261,303)
	2,986,034	2,976,204	3,219,658
Specific provision for credit losses	(2,146,769)	(2,196,264)	(2,298,288)
General provision for credit losses	(54,994)	(22,159)	(35,081)
	784,271	757,781	886,289

8.1 Gross instalment credit debtors are due as follows:

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Within one year	2,549,613	2,696,426	2,915,876
More than a year	680,552	528,401	565,085
	3,230,165	3,224,827	3,480,961

8.2 The effective interest rate earned on instalment credit debtors ranged from 5.0% to 10.0% (31 December 2024: 5.0% to 10.0% and 30 June 2024: 5.0% to 10.0%) per annum.

8.3 The provision for credit losses is calculated, in all material respect, in accordance with the requirements of the Central Bank of Kuwait. During the period, the Group recorded a reversal of provision for net amount of KD16,660 (30 June 2024: provision for net amount of KD16,288).

9 Financial assets at fair value through profit or loss

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Local quoted shares	13,720	14,409,542	233,597
Foreign quoted shares	1,476,073	647,199	612,401
Foreign unquoted shares	7,463,096	7,531,543	7,303,471
Investment in managed portfolios	12,934,244	15,148,051	12,857,320
Investments in managed funds	2,704,662	3,296,358	2,093,272
	24,591,795	41,032,693	23,100,061

9.1 Investments in managed portfolio with fair value of KD12,557,842 (31 December 2024: KD13,933,807 and 30 June 2024: KD12,809,520), which include cash balances, are pledged against the term loans and Murabaha payable (Notes 15 & 16).

9.2 The hierarchy for determining and disclosing the fair values of financial assets at fair value through profit or loss is presented in Note 22.3.

9.3 During the current period, the Parent Company classified an investment with a fair value of KD16,489,971 from financial assets at fair value through profit or loss to investments in associate upon gaining the significant influence of the investee (Note 13.a).

Notes to the interim condensed consolidated financial information (continued)

10 Accounts receivable and other assets

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Financial assets			
Trade receivables	3,795,319	3,610,303	2,533,236
Instalments sales receivable	5,790,568	5,113,474	4,073,801
Receivable from margin finance clients	3,919,958	2,498,189	1,747,090
Due from related parties	4,145,514	1,365,922	1,871,885
	17,651,359	12,587,888	10,226,012
Provision for doubtful debts	(4,814,121)	(4,041,171)	(3,283,664)
	12,837,238	8,546,717	6,942,348
Non-financial assets:			
Advance payments	30,390	31,057	30,166
Other assets	1,192,380	863,255	1,514,910
	1,222,770	894,312	1,545,076
	14,060,008	9,441,029	8,487,424

11 Assets held for sale

The breakdown of classified as assets held for sale are as follows:

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Bantry SP	2,238,497	2,249,268	-
Work force Housing Ltd	3,634,163	927,000	-
Hill Top US 12 Ltd	1,522,052	-	-
Hill Top UK 7 Ltd	719,384	3,417,861	-
	8,114,096	6,594,129	-

12 Financial assets at fair value through other comprehensive income

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Local quoted shares	66,570,585	56,631,636	59,813,765
Local unquoted shares	8,778,484	7,974,201	7,998,739
Foreign unquoted shares	52,122,652	51,175,521	49,234,059
Investments in managed portfolios	35,640,505	38,701,053	20,412,602
Debt instruments	4,549,583	4,698,634	2,168,536
Investment funds	9,360	9,468	314,216
	167,671,169	159,190,513	139,941,917

Notes to the interim condensed consolidated financial information (continued)

12 Financial assets at fair value through other comprehensive income (continued)

12.1 Local quoted shares and investments in managed portfolios with an aggregate carrying value of KD41,821,974 (31 December 2024: KD43,329,813 and 30 June 2024: KD24,199,484) are pledged against term loans (Note 15) and Murabaha payable (Note 16).

12.2 The hierarchy for determining and disclosing the fair values of financial assets at FVTOCI is presented in Note 22.3.

12.3 During the current period, the Parent Company re-classified an investment with a fair value of KD18,579,318 from financial assets at fair value through other comprehensive income to investments in associate upon gaining significant influence over the investee (Note 13.a). The reclassification led to the fair value adjustment previously recorded in other comprehensive income amounting to KD16,786,492, with regard to this investment being transferred to retained earnings, within equity, during current period.

13 Investment in associates

Movement in the carrying amount of the investment in associates during the period/year is as follows:

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Balance at the beginning of the period/year	55,213,376	31,229,754	31,229,754
Transfer from financial assets at FVTOCI (below - a)	35,069,289	19,207,709	19,207,709
Additions	-	1,063,000	-
Share of results	7,263,410	3,987,576	2,384,775
Dividends received	(86,676)	(1,342,795)	(1,342,796)
Foreign currency translation	(31,833)	6,699	-
Share of other comprehensive income	865,210	1,061,433	256,357
Balance at the end of the period/ year	98,292,776	55,213,376	51,735,799

- a) The Group owns 18.68% of International Financial Advisors Holding – KPSC (“IFA”), which was originally classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (Note 9.3 & 12.3). During the current period, following the appointment of the Parent Company’s representations in the board of directors of IFA, the Parent Company has gained significant influence over IFA, as defined under IAS 28. Consequently, the Parent Company has reclassified its investment in IFA from financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income to investment in associate at its fair value of KD35,069,289 on the reclassification date.

The associate is accounted using the equity method in these consolidated financial statements based on the consolidated financial statements as of 30 June 2025 (after incorporating the impact of the purchase price allocation).

Notes to the interim condensed consolidated financial information (continued)

13 Investment in associates (continued)

The summarised financial information of IFA below, represents the amounts presented in the consolidated financial statements of the associate (and not the Group's share of those amounts) as of the date of reclassification.

	IFA KD
Total assets	140,683,959
Total liabilities	18,967,640
Equity	121,716,319
Non-controlling interests	(4,990,068)
Equity attributable to the owners of the associate	(116,726,251)
Fair value of investment at the reclassification date	35,069,289
Share of net assets	(21,805,710)
Goodwill included in the carrying value of the associate	13,263,579

The initial accounting for the business combination is provisional due to its complexity and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one-year measurement period from the reclassification date.

- b) During the previous year, the Group obtained the significant influence over IFA Hotels & Resorts Co. - KPSC ("IFAHR"), which was originally classified as financial assets at fair value through other comprehensive income. Consequently, the Parent Company has reclassified its investment in IFAHR from financial assets at fair value through other comprehensive income to investment in associate at its fair value of KD19,207,709 on the reclassification date. At the reclassification date, the Group provisionally allocated the fair value of the identifiable assets and liabilities of the associate, and a provisional amount of KD16,947,220 was recognised as goodwill and included in the carrying value of the investment.

During the current reporting period, and within the one-year measurement period from the reclassification date, the Group finalised the purchase price allocation. The updated assessment resulted in adjustments to the fair values of identifiable net assets, and consequently a decline in the amount of goodwill initially recognised (and included in the carrying value of the investment) from KD16,947,220 to KD11,649,504.

There was no impact on the Group's previously reported profit, other comprehensive income, or earnings per share for the three months and six months periods ended 30 June 2024 or the carrying value of the investments in associates as of 30 June 2024 or 31 December 2024.

- c) Investments associates with a carrying value of KD29,581,212 (31 December 2024: KD12,019,983 and 30 June 2024: KD35,911,496) is pledged against term loans (Note 15) and Murabaha payable (Note 16).

Notes to the interim condensed consolidated financial information (continued)

14 Accounts payable and other liabilities

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Accounts payable	203,470	145,370	146,230
Due to related parties (Note 21)	4,178,151	2,856,747	2,792,269
Other payables	2,701,254	2,938,860	2,671,449
Lease liabilities	50,597	63,817	74,885
Accrued interests	304,012	232,644	200,223
Provision for staff leaves	369,559	340,364	344,324
KFAS payable	226,802	290,499	226,802
NLST and Zakat payable	3,742,211	3,083,266	3,070,619
Due to shareholders (Note 21)	481,636	466,367	545,408
	12,257,692	10,417,934	10,072,209

15 Term loans

Term loans are due for repayment as follows:

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
KD facilities	2,996,000	2,196,000	10,732,834
	2,996,000	2,196,000	10,732,834
Due within one year	2,996,000	2,196,000	1,680,000
Due after more than one year	-	-	9,052,834

The details of the outstanding term loans are as follows:

During previous years, the Parent Company has signed two agreements with a Kuwaiti bank to obtain Kuwaiti Dinar facilities in the form of revolving loans, whereby the maximum loan limits totaled KD3,000,000. The Parent Company withdrew an amount of KD2,996,000 from these facilities as of 30 June 2025 (31 December 2024: KD2,196,000 and 30 June 2024: KD10,732,834).

Kuwaiti Dinar facilities are payable on 30 June 2026.

Kuwaiti Dinar facilities are secured against mortgage of cash in managed portfolios (Note 7), financial assets at FVTPL (Note 9), financial assets at FVTOCI (Note 12) and investment in associates (Note 13).

Notes to the interim condensed consolidated financial information (continued)

16 Murabaha payable

The Murabaha payable outstanding balance represents Islamic finance obtained in Kuwaiti Dinar from local banks carrying effective profit rates of 5.20 % - 5.50% (31 December 2024: 5.20% - 5.50% and 30 June 2024: 5% - 5.625%) per annum. This finance is secured against pledge of cash in managed portfolios (Note 7), financial assets at FVTPL (Note 9), financial assets at FVTOCI (Note 12), investment in associates (Note 13), investment properties and property and equipment and is repayable in various instalments ending in July 2029.

Murabaha payable are as follows:

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Within one year	24,662,176	21,504,330	3,937,150
After one year	34,102,400	19,977,800	12,041,100
	58,764,576	41,482,130	15,978,250

17 Share Capital

	Authorized, issued and fully paid		
	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
907,433,921 authorized, issued and fully paid-up shares of 100 fils each - in cash (31 December 2024 and 30 June 2024: 864,222,782 authorized, issued and fully paid-up shares of 100 fils each - in cash)	90,743,393	86,422,279	86,422,279

During 2025, the annual general assembly of the Parent Company's shareholders approved to increase the share capital through issuance of 5% bonus shares (Note 24). It was registered in the commercial register on 18 May 2025.

18 Treasury shares

	30 June 2025 (Unaudited)	31 Dec. 2024 (Audited)	30 June 2024 (Unaudited)
Number of treasury shares	46,738	1,094,422	19,811,125
Percentage of ownership	0.005%	0.127%	2.292%
Market value (KD)	12,853	287,833	3,566,003
Cost (KD)	4,549	243,811	2,081,938

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable reserves.

Notes to the interim condensed consolidated financial information (continued)

19 Fiduciary Assets

Investment portfolios managed by the Group and assets held in trust or in a fiduciary capacity and related liabilities are not treated as the Group's assets or liabilities and, accordingly, are not included in the interim condensed consolidated statement of financial position. Total fiduciary assets as at the financial position date were KD87,645,619 (31 December 2024: KD84,609,051 and 30 June 2024: KD63,272,991) out of which, assets amounting to KD56,760,340 are managed on behalf of Group's related parties (31 December 2024: KD58,826,263 and 30 June 2024: KD37,060,664).

20 Segmental information

Operating segments are identified by the Group based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance and is reconciled to the Group's profit or loss.

The Group's principal activities, significant assets and liabilities are carried out and located in Kuwait, GCC, Middle East, USA and Europe. The Group operates in four business segments: instalment credit, investments, financial brokerage and real estate.

The segmental analysis of total revenues, profit for the period, total assets and total liabilities for the business segments are as follows:

	Instalment credit KD	Investments KD	Financial brokerage KD	Real estate KD	Total KD
Six months ended 30 June 2025					
Total revenues	1,457,630	14,119,442	436,897	171,773	16,185,742
Profit for the period	1,049,820	8,894,818	243,439	54,711	10,242,788
Three months ended 30 June 2025					
Total revenues	782,517	5,736,619	389,160	109,875	7,018,171
Profit for the period	573,789	2,929,112	295,339	63,154	3,861,394
As at 30 June 2025					
Total assets	1,090,750	319,117,233	12,283,773	5,839,178	338,330,934
Total liabilities	(408,511)	(74,419,685)	(784,324)	(462,948)	(76,075,468)
Net assets	682,239	244,697,548	11,499,449	5,376,230	262,255,466
Six months ended 30 June 2024					
Total revenues	1,364,974	9,360,442	455,869	135,537	11,316,822
Profit for the period	1,031,351	5,308,207	256,609	57,394	6,653,561
Three months ended 30 June 2024					
Total revenues	544,457	4,465,816	263,065	53,096	5,326,434
Profit for the period	362,306	2,191,586	163,487	12,467	2,729,846
As at 30 June 2024					
Total assets	1,150,289	217,731,930	11,434,877	4,864,152	235,181,248
Total liabilities	(461,677)	(36,756,801)	(720,381)	(684,959)	(38,623,818)
Net assets	688,612	180,975,129	10,714,496	4,179,193	196,557,430

Notes to the interim condensed consolidated financial information (continued)

21 Related party balances and transactions

Related parties represent subsidiaries, associates, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note.

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

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position			
Margin finance receivable (included in accounts receivable and other assets – Note 10)	1,640,893	838,472	835,628
Due from related parties - net (included in accounts receivable and other assets – Note 10) (a)	3,952,043	1,266,811	1,731,987
Due to shareholders (Note 14)	481,636	466,367	545,408
Due to related parties (Note 14) – see below (b)	4,178,151	2,856,747	2,792,269
Fiduciary assets of related parties managed by the Group (Note 19)	56,760,340	58,826,263	37,060,664

	Three months ended		Six months ended	
	30 June 2025 (Unaudited) KD	30 June 2024 (Unaudited) KD	30 June 2025 (Unaudited) KD	30 June 2024 (Unaudited) KD
Transactions included in the interim condensed consolidated statement of profit or loss				
Revenue from contracts with customers	42,918	28,796	90,250	81,553
Rental income	30,000	30,000	59,999	59,999
Interest income	57,320	21,743	94,706	76,609
General and administrative expenses	8,023	6,171	120,474	107,309
Finance costs	64,720	58,264	123,316	116,670
Key management compensation:				
Salaries and other short-term benefits	442,604	152,977	631,509	422,121
Board of directors' and committees' remuneration (included in general and administrative expenses)	77,850	68,050	77,850	68,050
End of service benefits	17,378	13,521	34,012	29,315
Share based compensation	81,066	70,496	81,066	70,496
	618,898	305,044	824,437	589,982

- a) During the current period the Group paid USD8,000,000 (equivalent to KD2,455,783) under one sale and repurchase agreement for certain unquoted foreign shares with related parties at an interest rate at 5% per annum and repayable within six months. The amount is included under due from related parties stated above.
- b) During the previous years, one of the subsidiaries received USD8,000,000 (equivalent to KD2,442,400) under two sale and repurchase agreements for certain unquoted foreign shares with related parties at an interest rate at 9.5% per annum and repayable within 360 days. The amount is included under due to related parties stated above.

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement

22.1 Fair value measurement of financial instruments

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

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Financial assets:			
At amortised cost:			
Cash and cash equivalent	17,773,056	3,810,901	4,065,191
Term deposits	387,546	434,311	475,762
Instalments credit debtors	784,271	757,781	886,289
Accounts receivable and other assets	14,060,008	9,441,029	8,487,424
At fair value:			
Financial assets at fair value through profit or loss	24,591,795	41,032,693	23,100,061
Financial assets at fair value through other comprehensive income	167,671,169	159,190,513	139,941,917
	225,267,845	214,667,228	176,956,644
Financial liabilities:			
At amortised cost:			
Accounts payable and other liabilities	12,257,692	10,417,934	10,072,209
Term loans	2,996,000	2,196,000	10,732,834
Murabaha payable	58,764,576	41,482,130	15,978,250
Provision for employees' end of service benefits	2,057,200	1,892,415	1,840,525
	76,075,468	55,988,479	38,623,818

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

22.2 Fair value measurement

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

22.3 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

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

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

22.3 Fair value hierarchy (continued)

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

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
30 June 2025 (Unaudited)				
Financial assets at FVTPL:				
Local quoted shares	13,720	-	-	13,720
Foreign quoted shares	1,476,073	-	-	1,476,073
Foreign unquoted shares	-	-	7,463,096	7,463,096
Investment in managed portfolios	12,934,244	-	-	12,934,244
Investment in managed funds	-	2,704,662	-	2,704,662
Financial assets at FVTOCI:				
Local quoted shares	66,570,585	-	-	66,570,585
Local unquoted shares	-	-	8,778,484	8,778,484
Foreign unquoted shares	-	-	52,122,652	52,122,652
Investment in managed portfolios	35,640,505	-	-	35,640,505
Debt instruments	-	-	4,549,583	4,549,583
Investment funds	-	9,360	-	9,360
	116,635,127	2,714,022	72,913,815	192,262,964
31 December 2024 (Audited)				
Financial assets at FVTPL:				
Local quoted shares	14,409,542	-	-	14,409,542
Foreign quoted shares	647,199	-	-	647,199
Foreign unquoted shares	-	-	7,531,543	7,531,543
Investment in managed portfolios	15,148,051	-	-	15,148,051
Investments in managed funds	-	3,296,358	-	3,296,358
Financial assets at FVTOCI:				
Local quoted shares	56,631,636	-	-	56,631,636
Local unquoted shares	-	-	7,974,201	7,974,201
Foreign unquoted shares	-	-	51,175,521	51,175,521
Investment in managed portfolios	38,701,053	-	-	38,701,053
Debt instruments	-	-	4,698,634	4,698,634
Investment funds	-	9,468	-	9,468
	125,537,481	3,305,826	71,379,899	200,223,206
30 June 2024 (Unaudited)				
Financial assets at FVTPL:				
Local quoted shares	233,597	-	-	233,597
Foreign quoted shares	612,401	-	-	612,401
Foreign unquoted shares	-	-	7,303,471	7,303,471
Investment in managed portfolios	12,857,320	-	-	12,857,320
Investments in managed funds	-	2,093,272	-	2,093,272
Financial assets at FVTOCI:				
Local quoted shares	59,813,765	-	-	59,813,765
Local unquoted shares	-	-	7,998,739	7,998,739
Foreign unquoted shares	-	-	49,234,059	49,234,059
Investment in managed portfolios	20,412,602	-	-	20,412,602
Debt instruments	-	-	2,168,536	2,168,536
Investment funds	-	314,216	-	314,216
	93,929,685	2,407,488	66,704,805	163,041,978

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

22.3 Fair value hierarchy (continued)

The Group does not have any financial liabilities measured at fair value.

Measurement at fair value

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

a) Quoted shares

All the listed equity shares are publicly traded on a recognized stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

b) Managed funds

The underlying investments of managed funds primarily comprise of quoted and unquoted securities. The fair value of the quoted underlying securities has been determined by reference to their quoted bid prices at the reporting date. The fair value of the unquoted underlying securities has been determined using valuation techniques that are normally used by fund managers. All significant inputs into the model are based on observable market prices

c) Unquoted shares

Unquoted shares are measured at fair value estimated using various models like discounted cash flow model, and market multiples which include some assumptions that are not supportable by observable market prices or rates or the latest financial statements or information available on these investments the future financial flows of which are unpredictable.

Level 3 fair value measurement

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

	30 June 2025 (Unaudited) KD	31 Dec. 2024 (Audited) KD	30 June 2024 (Unaudited) KD
Opening balance	71,379,899	63,757,182	63,757,182
Purchases	1,434,476	9,280,402	6,249,359
Sales	(1,015,729)	(3,167,658)	(2,897,885)
Change in fair value	1,115,169	1,509,973	(403,851)
Closing balance	72,913,815	71,379,899	66,704,805

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

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

Notes to the interim condensed consolidated financial information (continued)

23 Capital commitments

At the date of the interim condensed consolidated statement of financial position, the Group had capital commitments of KD Nil (31 December 2024: KD Nil and 30 June 2024: KD245,362) for a property under development and capital commitments of KD29,515 (31 December 2024: KD29,785 and 30 June 2024: KD71,710) for the investments in managed funds.

24 Annual ordinary general assembly and extraordinary general assembly

The annual ordinary general assembly of the shareholders of Parent Company held on 11 May 2025 approved the consolidated financial statements for the year ended 31 December 2024. It also approved the board of directors' proposal to distribute a cash dividend of 3 Fils per share (2023: 2 Fils per share). It approved 5% bonus shares through increase of the share capital for the financial year ended 31 December 2024 (2023: bonus share at 4%). Further, the annual general assembly approved the board of directors' and committees' remuneration of KD77,850 for the year ended 31 December 2024 (2023: KD68,050), which has been recorded under expenses in the current interim condensed consolidated statement of profit or loss.

25 Subsequent events

- a) Subsequent to the reporting date, the Competition Protection Agency approved the economic concentration resulting from the acquisition of a 67.39% stake in National Medical Consumable Industries Company K.S.C.C. (NATMED) by a subsidiary of the Parent Company. This acquisition will take place in the third quarter of the year and the financial impact of the transaction will be disclosed upon its completion.
- b) The Board of Directors of Arzan Financial Group for Financing and Investment has approved a partnership agreement with a related party through an in-kind capital increase in Arzan AM Limited, a subsidiary established in the United Arab Emirates, by an amount of KD24.209 million equivalent to AED289.642 million. The Board also approved an amendment to the company's Articles of Association to require unanimity for decision-making which will result in the loss of control over the subsidiary. Arzan Financial Group for Financing and Investment will contribute unlisted foreign shares valued at fair value of KD19.043 million, equivalent to AED227.832 million. The related party will contribute unlisted foreign shares valued at fair value KD5.166 million, equivalent to AED61.810 million. After the capital increase, Arzan Financial Group will own 78.66% of Arzan AM Limited, while the related party will own 21.34%.
- c) The Board of Directors approved the acquisition and participation in the capital increase of Addax B.S.C. (Closed), a related party registered in the Kingdom of Bahrain, with an investment of KD800 thousand equivalent to USD2.61 million.
- d) Furthermore, the Board of Directors approved a capital increase of Arzan Capital Holding Ltd, a subsidiary incorporated in the United Arab Emirates, amounting to KD7.93 million equivalent to USD26 million, which was effected an in-kind increase through the transfer of ownership of another subsidiary incorporated in the Cayman Islands, the capitalisation of debt amounting to KD3.355 million equivalent to USD11 million, and a cash contribution of KD915 thousand equivalent to USD3 million.

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