



Grant Thornton

Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report
Arzan Financial Group for Financing and Investment – KPSC
and its Subsidiaries
Kuwait

31 December 2025

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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arzan Financial Group for Financing and Investment – KPSC (“the Parent Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and as adopted for use in 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 Code of Ethics for Professional Accountants (including international independence standards)* issued by the International Ethics Standards Board for Accountants (“IESBA Code”) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis of matter

We draw attention to Note 6.1.1 to the consolidated financial statements, which describes the possible material effects of uncertainty with respect to the Group's exposure in Lebanon. Our Opinion is not qualified in respect to this matter.

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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the key audit matters.

Independent Auditor's Report to the Shareholders of Arzan Financial Group for Financing and Investment - KPSC (continued)

Valuation of financial assets at FVTPL and FVTOCI

Investment securities represent 55% of the Group's total assets and comprises of financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVTOCI). The valuations of these investments are performed using the fair value hierarchy under IFRS as detailed in Note 35.2.

The Group's financial assets at FVTPL and financial assets at FVTOCI include significant unquoted investments which are classified under level 2 and level 3 in the fair value hierarchy. Due to their unique structure and terms, the valuation of these instruments is based either on external independent valuations or on entity-developed internal models. Therefore, there is significant measurement uncertainty involved in valuations. Due to the size and measurement uncertainties, this is considered a key audit matter. We have, therefore, spent significant audit efforts in assessing the appropriateness of the valuations and underlying assumptions. The Group's disclosures about its financial assets at FVTPL and FVTOCI are included in Notes 14, 17 and 35.2 to the consolidated financial statements.

As part of our audit procedures, we have tested the level 1 fair valuations by comparing the fair values applied by the Group with publicly available market data. Further, our audit procedures included agreeing carrying value of the unquoted investments to the Group's internal or external valuations prepared using valuation techniques, assessing and challenging the appropriateness of estimates, assumptions and valuation methodology and obtaining supporting documentation and explanations to corroborate the valuations. We also assessed the adequacy of the Group's disclosures in Notes 14, 17 and 35.2 to the consolidated financial statements.

Equity method investments

The Group's investment in associates and joint venture represent 37% of the Groups total assets at the reporting date and are accounted for under the equity method of accounting. Under the equity method, the Group's interests in the associates and joint venture are initially stated at cost and are adjusted thereafter for the post-acquisition changes in the Group's share of the net assets of the associates and joint venture, less any impairment. The complexity of the Group's control environment and our ability as Group's auditor to obtain an appropriate level of understanding of these entities including any related party transactions were significant to our audit. During the year, the Group has accounted for interest in new associates, resulting in the recognition of bargain purchase gains (refer note 18.2b) which is significant to the Group's results. The acquisitions involved significant judgment in assessing significant influence, determining the fair value/provisional fair value of identifiable net assets acquired and appropriateness of the bargain purchase gains. Due to these factors and the significance of the investment in associates and joint venture to the Group's consolidated financial statements we consider this as a key audit matter.

Our audit procedures included, among others, determining the nature and extent of audit procedures to be carried out for associates and joint venture and selecting significant associates and joint venture based on the size and/or risk profile of these entities. Further, our audit procedures also included evaluating the Group's assessment of significant influence for the newly acquired associates, assessing the accounting for the acquisition including the fair value/provisional fair value of net assets acquired and recognition of the bargain purchase gain and testing the share of results using the financial information of associates. During our audit, we assessed the financial position and performance of the significant associates and joint venture to evaluate management's impairment assessment and to identify whether there were any indicators of impairment in the value of these associates and joint venture. Furthermore, we evaluated the Group's methodology and tested the key assumptions used by the Group in determining the associates and joint venture's recoverable amounts. We also assessed the adequacy of the Group's disclosures in Notes 4.19, 4.20 and 18 to the consolidated financial statements.



Independent Auditor's Report to the Shareholders of Arzan Financial Group for Financing and Investment - KPSC (continued)

Other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and as adopted for use in 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.

Independent Auditor's Report to the Shareholders of Arzan Financial Group for Financing and Investment - KPSC (continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 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, related safeguards.

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

Independent Auditor's Report to the Shareholders of Arzan Financial Group for Financing and Investment - KPSC (continued)

Report on other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit, 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 the banking business, and its related regulations during the year ended 31 December 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
30 March 2026

Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Income			
Income from instalment credit debtors	7	226,024	403,082
Revenue from contracts with customers	8	2,614,560	1,918,495
Realised profit from instalment sales		2,826,923	1,818,948
Gain on disposal of properties held for trading	16	53,192	329,464
Rental income		224,187	228,097
Interest income	11	953,183	567,229
Gain on disposal of assets held for sale		14,220	-
Gain on disposal of financial assets at fair value through profit or loss	14	1,476,875	258,911
Change in fair value of financial assets at fair value through profit or loss	11	1,218,480	9,134,821
Net share of results of associates and joint venture	18.2	23,688,463	3,987,576
Dividend income	11	5,136,854	4,792,404
Foreign currency exchange (loss)/gain		(185,685)	833,735
Other income		374,426	253,968
Reversal of provision for impairment of instalment credit debtors – net		6,529	98,579
(Provision)/reversal of provision for credit losses of restricted cash and cash equivalents	12.2	(1,848)	318,238
Reversal of provision for impairment of properties held for trading	16	-	449,874
(Impairment)/reversal of impairment of real estates under development	19	(8,417)	31,363
		38,617,966	25,424,784
Expenses and other charges			
Staff costs		(4,154,938)	(3,364,325)
General and administrative expenses		(3,834,601)	(1,903,407)
Finance costs	9	(3,343,068)	(2,069,168)
Depreciation		(224,818)	(218,038)
Provision for impairment of doubtful debts - net	15	(979,764)	(1,480,648)
		(12,537,189)	(9,035,586)
Profit for the year before for contribution to KFAS and provision for NLST and Zakat			
		26,080,777	16,389,198
Contribution for KFAS		(24,163)	(63,697)
Provision for NLST		(960,944)	(240,093)
Provision for Zakat		(333,224)	(63,007)
Profit for the year		24,762,446	16,022,401
Attributable to:			
Shareholders of the Parent Company		23,241,415	14,096,643
Non-controlling interests		1,521,031	1,925,758
Profit for the year		24,762,446	16,022,401
Basic earnings per share attributable to the Parent Company's shareholders (Fils)			
	10	25.639	15.766
Diluted earnings per share attributable to the Parent Company's shareholders (Fils)			
	10	25.610	15.742

The notes set out on pages 13 to 76 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Profit for the year	24,762,446	16,022,401
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>		
Financial assets at fair value through other comprehensive income:		
- Net change in fair value arising during the year	49,679,708	38,113,806
<i>Items that may be subsequently reclassified to consolidated statement of profit or loss:</i>		
Financial assets at fair value through other comprehensive income:		
- Net change in fair value arising during the year	88,201	16,441
Differences arising on translation of foreign operations (Note 6.1.1)	(321,083)	(1,616,504)
Share of other comprehensive income/(loss) of associates and joint venture (Note 18.2)	3,065,478	1,061,433
Total other comprehensive income for the year	52,512,304	37,575,176
Total comprehensive income for the year	77,274,750	53,597,577
Attributable to:		
Shareholders of the Parent Company	54,298,190	38,882,261
Non-controlling interests	22,976,560	14,715,316
Total comprehensive income for the year	77,274,750	53,597,577

The notes set out on pages 13 to 76 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Notes	31 Dec. 2025 KD	31 Dec. 2024 KD
Assets			
Cash and cash equivalents	12.1	5,951,106	3,810,901
Term deposits	12.1	172,299	434,311
Instalment credit debtors	13	1,140,852	757,781
Financial assets at fair value through profit or loss	14	27,058,637	41,032,693
Accounts receivable and other assets	15	15,723,517	9,441,029
Assets held for sale	21	3,816,902	6,594,129
Properties held for trading	16	1,866,235	1,911,617
Financial assets at fair value through other comprehensive income	17	183,040,802	159,190,513
Investment in associates and joint venture	18	141,271,372	55,213,376
Real estates under development	19	1,812,430	1,589,939
Investment properties	20	1,244,025	1,302,765
Property and equipment		1,757,268	1,919,698
Total assets		384,855,445	283,198,752
Liabilities and equity			
Liabilities			
Accounts payable and other liabilities	22	11,937,773	10,417,934
Term loans	23	7,996,000	2,196,000
Murabaha payables	24	61,172,533	41,482,130
Provision for employees' end of service benefits		2,188,828	1,892,415
Total liabilities		83,295,134	55,988,479
Equity			
Share capital	25	90,743,393	86,422,279
Share premium	25	9,355,213	9,355,213
Treasury shares	26	(325,476)	(243,811)
Treasury shares reserve		2,434,931	2,341,230
Statutory reserve	27	6,600,776	4,144,801
Voluntary reserve	27	5,443,942	2,987,967
Share based payments reserve	28	181,821	169,295
Foreign currency translation reserve		(6,671,579)	(6,311,708)
Fair value reserve		56,191,476	53,749,818
Retained earnings		59,769,065	19,671,447
Total equity attributable to shareholders of the Parent Company		223,723,562	172,286,531
Non-controlling interests		77,836,749	54,923,742
Total equity		301,560,311	227,210,273
Total liabilities and equity		384,855,445	283,198,752



Jassem Hasan Zainal
 Vice chairman and CEO

The notes set out on pages 13 to 76 form an integral part of these consolidated financial statements.

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	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
Dividends of bonus shares (Note 30)	4,321,114	-	-	-	-	-	-	-	-	(4,321,114)	-	-	-
Cash dividends (Note 30)	-	-	-	-	-	-	-	-	-	(2,592,608)	(2,592,608)	-	(2,592,608)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(146,009)	(146,009)
Purchase of treasury shares	-	-	(360,554)	-	-	-	-	-	-	-	(360,554)	-	(360,554)
Sale of treasury shares	-	-	6,891	31	-	-	-	-	-	-	6,922	-	6,922
Dividends of share-based payments (Note 28)	-	-	271,998	93,670	-	-	(78,557)	-	-	(293,113)	(6,002)	-	(6,002)
Cost of share-based payments (Note 28)	-	-	-	-	-	-	91,083	-	-	-	91,083	-	91,083
Non-controlling interest resulting from establishment and increase of the capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	39,362	39,362
Movement to non-controlling interests – net	-	-	-	-	-	-	-	-	-	-	-	43,094	43,094
Total transactions with owners	4,321,114	-	(81,665)	93,701	-	-	12,526	-	-	(7,206,835)	(2,861,159)	(63,553)	(2,924,712)
Profit for the year	-	-	-	-	-	-	-	-	-	23,241,415	23,241,415	1,521,031	24,762,446
Other comprehensive (loss)/income for the year	-	-	-	-	-	-	-	(359,871)	31,416,646	-	31,056,775	21,455,529	52,512,304
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	-	(359,871)	31,416,646	23,241,415	54,298,190	22,976,560	77,274,750
Gain/(loss) on reclassification/disposal of financial assets at FVTOCI													
Gain on reclassification (Note 13.2)	-	-	-	-	-	-	-	-	(28,679,946)	28,679,946	-	-	-
Loss on disposal	-	-	-	-	-	-	-	-	(5,753)	5,753	-	-	-
Impact of disposal from associate and joint venture	-	-	-	-	-	-	-	-	(289,289)	289,289	-	-	-
	-	-	-	-	-	-	-	-	(28,974,988)	28,974,988	-	-	-
Transfer to reserves	-	-	-	-	2,455,975	2,455,975	-	-	-	(4,911,950)	-	-	-
Balance at 31 December 2025	90,743,393	9,355,213	(325,476)	2,434,931	6,600,776	5,443,942	181,821	(6,671,579)	56,191,476	59,769,065	223,723,562	77,836,749	301,560,311

The notes set out on pages 13 to 76 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	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 2023	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
Dividends of bonus shares (Note 30)	3,323,934	-	-	-	-	-	-	-	-	(3,323,934)	-	-	-
Cash dividends (Note 30)	-	-	-	-	-	-	-	-	-	(1,623,870)	(1,623,870)	-	(1,623,870)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(150,221)	(150,221)
Purchase of treasury shares	-	-	(1,113,998)	-	-	-	-	-	-	-	(1,113,998)	-	(1,113,998)
Sale of treasury shares	-	-	2,295,928	1,992,675	-	-	-	-	-	-	4,288,603	-	4,288,603
Dividends of share-based payments (Note 28)	-	-	84,120	66,100	-	-	(42,337)	-	-	(117,579)	(9,696)	-	(9,696)
Cost of share-based payments (Note 28)	-	-	-	-	-	-	78,336	-	-	-	78,336	-	78,336
Non-controlling interest resulting from establishment and increase of the capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	184,112	184,112
Movement to non-controlling interests – net	-	-	-	-	-	-	-	-	-	-	-	36,437	36,437
Total transactions with owners	3,323,934	-	1,266,050	2,058,775	-	-	35,999	-	-	(5,065,383)	1,619,375	70,328	1,689,703
Profit for the year	-	-	-	-	-	-	-	-	-	14,096,643	14,096,643	1,925,758	16,022,401
Other comprehensive (loss)/income for the year	-	-	-	-	-	-	-	(1,580,775)	26,366,393	-	24,785,618	12,789,558	37,575,176
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	-	(1,580,775)	26,366,393	14,096,643	38,882,261	14,715,316	53,597,577
Gain/(loss) on reclassification/disposal of financial assets at FVTOCI													
Gain on reclassification (Note 18.2)	-	-	-	-	-	-	-	-	(6,906,176)	6,906,176	-	-	-
Loss on disposal	-	-	-	-	-	-	-	-	782,777	(782,777)	-	-	-
Impact of disposal from associate	-	-	-	-	-	-	-	-	(449,174)	449,174	-	-	-
Transfer to reserves	-	-	-	-	1,446,344	1,446,344	-	-	-	(2,892,688)	-	-	-
Balance at 31 December 2024	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

The notes set out on pages 13 to 76 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Operating activities			
Profit for the year		24,762,446	16,022,401
Adjustment for:			
Interest income		(953,183)	(567,229)
Dividend income		(5,136,854)	(4,792,404)
Impairment/(reversal) of real estates under development	19	8,417	(31,363)
Gain on disposal of properties held for trading		(53,192)	(329,464)
Gain on disposal of assets held for sale		(14,220)	-
Net share of results of associates and joint venture	18.2	(23,688,463)	(3,987,576)
Reversal of provision for impairment of instalment credit debtors - net	13	(6,529)	(98,579)
Provision for impairment of doubtful debts - net	15	979,764	1,480,648
Finance costs	9	3,343,068	2,069,168
Depreciation		224,818	218,038
Cost of share-based payments	28	91,083	78,336
Provision for employees' end of service benefits		376,705	192,294
Provision/(reversal) of provision impairment of credit losses for restricted cash and cash equivalents	12.2	1,848	(318,238)
Reversal of impairment provision for properties held for trading		-	(449,874)
		(64,292)	9,486,158
Changes in operating assets and liabilities:			
Instalment credit debtors		(376,542)	204,917
Financial assets at FVTPL		(2,515,914)	(19,174,512)
Accounts receivable and other assets		(6,781,352)	(2,732,998)
Accounts payable and other liabilities		1,433,232	(661,177)
Employees' end of service benefits paid		(58,071)	(59,260)
Net cash used in operating activities		(8,362,939)	(12,936,872)
Investing activities			
Additions of property and equipment		(6,648)	(96,244)
Purchase of financial assets at FVTOCI		(13,104,610)	(9,419,916)
Proceeds on disposal of financial assets at FVTOCI		1,168,775	2,884,880
Proceeds from disposal of property held for trading	16	101,127	829,973
Net disposal/acquisition of assets held for sale	21	2,976,204	(6,594,129)
Additions to real estate under development	19	(207,493)	(392,958)
Net movement in restricted cash and cash equivalents	12.2	(1,848)	318,238
Term deposits		262,012	127,859
Dividend income received		5,136,854	4,792,404
Additions to new investment in associates and joint venture		(6,668,179)	(1,069,700)
Dividend received from associates and joint venture	18.2	1,357,241	1,342,795
Interest income received		472,282	183,973
Net cash used in investing activities		(8,514,283)	(7,092,825)

The notes set out on pages 13 to 76 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Financing activities			
Term loans obtained		5,800,000	1,476,000
Term loans paid		-	(9,872,834)
Murabaha payables obtained		20,879,199	27,858,030
Murabaha payables paid		(1,188,796)	(708,300)
Finance costs paid		(3,256,459)	(2,001,986)
Dividends paid to non-controlling interests		(146,009)	(150,221)
Dividends paid to shareholders		(2,583,527)	(1,665,772)
Acquisition of treasury shares		(360,554)	(1,113,998)
Disposal of treasury shares		6,891	4,288,603
Net movement in non-controlling interests		82,456	220,549
Net cash from financing activities		19,233,201	18,330,071
Net increase/(decrease) in cash and cash equivalents		2,355,979	(1,699,626)
Foreign currency translation adjustments		(215,774)	(1,253,910)
Cash and cash equivalents at beginning of the year	12.1	3,810,901	6,764,437
Cash and cash equivalents at end of the year	12.1	5,951,106	3,810,901

The notes set out on pages 13 to 76 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

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 Boursa 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 details of the subsidiaries are described in Note 6.

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.
- 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.

Notes to the consolidated financial statements (continued)

1 Incorporation and activities (continued)

- 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 interest or participate in any way with entities which are practicing similar activities or which may assist it in achieving its objectives inside or outside Kuwait. It may establish or buy these entities or affiliate them.

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

The Board of Directors of the Parent Company approved these consolidated financial statements for the year ended 31 December 2025 for issuance on 30 March 2026. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Statement of compliance with IFRS accounting standards and going concern assumption

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards promulgated 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.

These consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered various factors and has a reasonable expectation that the Group has and will have adequate resources to continue its operations for the foreseeable future.

3 Changes in accounting policies

3.1 New amended IFRS Accounting Standards adopted by the Group

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 21 Amendments – Lack of exchangeability	1 January 2025

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.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

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

- 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 consolidated financial statements.

3.2 IASB Standards issued but not yet effective

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

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to IFRS Accounting Standards – volume 11	1 January 2026

IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments

The amendments to IFRS 7 and IFRS 9 addresses three changes:

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments – Amendments (continued)

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- Two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- The classification of all income and expenses within the statement of profit or loss in one of five categories
- Disclosures of management-defined performance measures (MPM).
- An improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'. The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

Management is currently working to identify all of the impacts that IFRS 18 will have on the primary consolidated financial statements and notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

Annual Improvements to IFRS Accounting Standards – volume 11

The annual improvement project updates a number of standards primarily providing clarifications and removing inconsistencies.

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

4 Material accounting policies

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

4.1 Basis of preparation

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the functional currency of the Parent Company. They are prepared under the historical cost convention, except for the financial assets at FVTPL and at FVTOCI that are measured at fair value.

The Group has elected to present the "consolidated statement of profit or loss and other comprehensive income" in two statements: "Consolidated Statement of Profit or Loss" and "Consolidated Statement of Profit or Loss and Other Comprehensive Income".

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

4.2 Basis of consolidation

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.2 Basis of consolidation (continued)

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

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

4.3 Business combinations

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

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

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

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

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

4.4 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized refer to Note 4.3 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 4.24 for a description of impairment testing procedures.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.5 Revenues from contracts with customers

The Group recognizes revenue from the following major sources:

- Asset management and custody services
- Fees from advisory services

Revenues are measured based on the consideration to which it is expected by the Group to be entitled through the contract with customer. On another hand, the amounts that have been collected on behalf of the other parties are excluded. The Group recognizes revenues when it transfers control of a product or service to a customer. The Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/ as performance obligation (s) are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized 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 recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable, if any, in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.5.1 Asset management and custody services

Asset management and custody fees are variable consideration based on the net assets value of portfolios at pre-agreed rates in accordance with the respective contracts with customers for the supervision and managing portfolios' assets, safe custody of the assets and conducting buy/ sell transactions for the customers.

4.5.2 Fees from advisory services

Fees arising for rendering specific advisory services, brokerage services, equity and debt placement transactions for a third party or arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction.

4.6 Interest on instalment credit loans

Interest on instalment credit facilities is calculated at the time of a contract with the customer. The customer repays the total amount due (including interest) by equal monthly instalments over the period of the contract. The interest is allocated over the life of the agreement using the "effective interest" method. Interest relating to outstanding instalments is considered as deferred income and is included in the consolidated statement of financial position as a deduction from instalment credit debtors.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.7 Realized profit from instalment sales

Profit margin from instalment sales is calculated at the time of a contract with the customer. The customer repays the total amount due (including profit margin) by equal monthly instalments over the period of the contract. The profit margin is allocated over the life of the agreement using the “fixed instalment” method. Profit margin relating to outstanding instalments is considered as deferred income and is included in the consolidated statement of financial position as a deduction from instalment sales receivable.

4.8 Interest income

Interest income is recognized using the effective interest method.

4.9 Dividend income

Dividend income is recognized when the right to receive payment is established.

4.10 Operating expenses

Operating expenses are recognized in consolidated statements of profit or loss upon utilization of the service or at the date of their origin.

4.11 Finance costs

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

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

4.12 Taxation

4.12.1 National Labor Support Tax (“NLST”)

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

4.12.2 Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

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

4.12.3 Zakat

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

Under the NLST and Zakat regulations no carry forward of losses to the future years or any carry back to prior years is permitted.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.12 Taxation (continued)

4.12.4 Income tax

Current income tax assets and/ or liabilities comprise those obligations to, or claims from tax authorities relating to the current or prior reporting period that are unpaid at the reporting date.

Deferred income tax is calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is, however, neither provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the reporting date. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized.

4.13 Financial instruments

4.13.1 Recognition, initial measurement and derecognition

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

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

- Rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a '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 risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the Group's continuing involvement in the asset.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Financial instruments (continued)

4.13.2 Classification of financial assets

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

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

The classification is determined by both:

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

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

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

4.13.3 Subsequent measurement of financial assets

• Financial assets at amortized cost

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

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

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

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

- Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and other financial institutions and short-term deposits with maturity not exceeding three months, which are subject to an insignificant risk of changes in value. Cash and cash equivalents which are restricted are shown separately.

- Instalment credit debtors

Instalment credit debtors are stated in the consolidated financial position at amortized cost, net of specific and general provisions. Specific provisions are made to reduce impaired receivables to their estimated recoverable amount and general provisions are made at a rate of 1% on instalment credit debtors for which no specific provisions were made, to provide for losses known from experience to exist, but not yet specifically identifiable, in accordance with the Central Bank of Kuwait instructions in that respect. The recoverable amounts are based on estimated future cash flows discounted at the original effective interest rate on a portfolio basis for groups of similar debtors.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Financial instruments (continued)

4.13.3 Subsequent measurement of financial assets (continued)

- *Financial assets at amortized cost (continued)*

- *Accounts receivables and other assets*

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

- *Due from related parties*

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

- *Financial assets at FVTOCI*

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

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

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

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

Equity investment at fair value through other comprehensive income

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

A financial asset is held for trading if:

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Financial instruments (continued)

4.13.3 Subsequent measurement of financial assets (continued)

- *Financial assets at FVTOCI (continued)*

Equity investment at fair value through other comprehensive income (continued)

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve.

The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

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

- *Financial assets at FVTPL*

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

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

The Group's financial assets at FVTPL comprise of investments in equity and debt instruments.

4.13.4 Impairment of financial assets

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

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

For financial assets (except instalment credit debtors), the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. Instalment credit debtors are subject to the minimum provisioning requirements of the Central Bank of Kuwait.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Financial instruments (continued)

4.13.4 Impairment of financial assets (continued)

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

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

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

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

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

4.13.5 Classification and subsequent measurement of financial liabilities

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

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

- **Financial liabilities at amortized cost**

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

Term loans

All term loans are subsequently measured at amortized cost using the effective interest rate method. Profits and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Accounts payable and other liabilities

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Financial instruments (continued)

4.13.4 Impairment of financial assets (continued)

Due to related parties

Due to related parties are financial liabilities arising in the normal courses of the business and are not quoted in an active market.

Murabaha payable

Murabaha payable represents amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha payable is stated at the gross amount of the payable, net of deferred finance cost. Deferred finance cost is expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

4.14 Amortized cost of financial instruments

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

4.15 Trade and settlement date accounting

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

4.16 Offset of financial instruments

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

4.17 Fair value of financial instruments

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

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

4.18 Properties held for trading and real estate under development

Properties held for trading and real estate under development are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each property to its present condition including identifiable finance cost. Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Investments in associates

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

The Group's investment in associates is accounted for under the equity method of accounting. This method requires that the Group's share be recorded at the date of the consolidated statement of financial position at cost plus all subsequent changes in the Group's share of the associate's net assets, less any impairment. The consolidated statement of profit or loss reflects the Group's share in the associate's business results.

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

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

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

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

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

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

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

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining 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 the consolidated statement of profit or loss.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.20 Investment in joint ventures

A joint arrangement is a contractual arrangement that gives two or more parties joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities required unanimous consent of parties sharing control. A joint venture is a joint arrangement which by the parties that have the joint control of the arrangement have rights to the net assets of the arrangement. The Group recognises its interests in joint ventures as an investment and accounts for it using the equity method.

4.21 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are accounted for using the cost model.

Investment properties are initially measured at cost, being the purchase price and any directly attributable expenditure for a purchased investment property and cost at the date when construction or development is complete for a self-constructed investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment loss. Gains and losses arising from the sale of investment property are included in the consolidated statement of profit or loss.

The estimated useful life for the calculation of depreciation, excluding land, is 25 years using straight line method. The carrying amounts are reviewed at each reporting date on an individual basis to assess whether they are recorded in excess of their recoverable amount. Provision for impairment losses, if any, are made where carrying values exceed the recoverable amount.

Transfers are made to or from investment property only when there is a change in use. As for a transfer from investment property to owner-occupied property, the considered 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.

4.22 Property and equipment

Land is stated at cost less any impairment losses based upon the reports of independent professional valuers.

Capital expenditure on assets in the course of construction are classified as assets under construction. Such costs are subsequently charged to the consolidated statement of profit or loss if the project is abandoned, or, if the project is completed, are capitalized and transferred to the appropriate property and equipment category, from which time depreciation is charged using the rate applicable to the category concerned. Interest incurred on funds specifically obtained to finance construction activities are capitalized using the actual interest rate incurred during construction.

Other property and equipment assets are stated at cost less accumulated depreciation. The Group depreciates these assets using the straight-line method at rates estimated to fully depreciate the cost of the property and equipment over their expected useful lives.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.22 Property and equipment (continued)

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property, Material residual value estimates and estimates of useful life are updated as required, but at least annually.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in consolidated statement of profit or loss.

4.23 Leased assets

The Group as a lessee

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

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients.

Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the financial position measured as follows:

Right-of-use asset

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.23 Leased assets (continued)

The Group as a lessee (continued)

Lease liability

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

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

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

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer all risks and benefits of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

Rental income from operating leases is recognized on a straight line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognized on a straight-line basis over the lease term.

Amounts due under finance leases are recognized as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.

4.24 Impairment testing of goodwill and non-financial assets

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

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

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

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

4.25 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. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

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

4.26 Equity, reserves and dividends

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

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' Law and the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended.

Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD.

Fair value reserve – comprises valuation gains and losses relating to financial assets at fair value through other comprehensive income and share of associates' fair value reserve.

Retained earnings include all current and prior period retained profits and losses.

All transactions with the owners are recorded separately within equity.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.27 Treasury shares

Treasury shares consist of the parent company's own issued shares that have been reacquired by the group and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity. Treasury shares are not entitled to cash dividends that the Group may distribute. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

When the treasury shares are reissued, gains are recorded directly in "treasury shares reserve" in the shareholders' equity. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and legal reserve. Subsequent to this, should profits arise from sale of treasury shares, an amount is transferred to reserves and retained earnings equal to the loss previously charged to this account.

4.28 Share-based payments

Certain senior management employees are granted share options of Parent Company as part of their remunerations package.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the grant date fair value of the shares.

That cost is recognized, together with a corresponding increase in Share-based payments reserve in equity, over the period in which vesting conditions are fulfilled (Note 28). The cumulative expenses recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. Furthermore, the expense or credit balance in the consolidated statement of profit or loss for a certain period represents the movement on the cumulative expenses recognized as at the beginning and end of that period and is recognized under the employee benefits expenses.

When the terms of an equity-settled award are modified, the minimum expenses recognized is the expenses had the terms had not been modified, if the original terms of the awards are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transactions, or is otherwise beneficial to the employees as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computations of diluted earnings per share.

4.29 Segment reporting

The Group has four operating segments: instalment credit, investments, financial brokerage and real estate. In identifying these operating segments, management generally follows the group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.30 Provisions, contingent assets and contingent liabilities

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

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

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

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

4.31 Foreign currency translation

4.31.1 Functional and presentation currency

The consolidated financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the parent company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

4.31.2 Foreign currency transactions and balances

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

4.31.3 Foreign operations

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.32 Related party 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. All related party transactions are carried out with the approval of the Group's management.

4.33 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

4.34 Non-current assets and liabilities classified as held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Any profit or loss arising from the sale of a non-current assets held for sale or its remeasurement to fair value less costs to sell is presented as part of a single line item in profit or loss.

4.35 Climate-related matters

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

5 Significant management judgements and estimation uncertainty

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

5.1 Significant management judgments

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

5.1.1 Business model assessment

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

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.1 Significant management judgments (continued)

5.1.2 Significant increase in credit risk

Estimated credit losses are measured as an allowance equal to 12-month ECLs for level 1 assets, or lifetime ECLs for level 2 or level 3 assets. An asset moves to level 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define “significant” increase.

Therefore, in order to assess whether the credit risk of the asset has increased significantly, the Group takes into account the reasonable and probable qualitative and quantitative information that may be obtained.

5.1.3 Judgements in determining the timing of satisfaction of performance obligations

The determination of the whether or not performance obligation criterion set out in IFRS 15 relating to transfer of control of goods or provide services to customers has been satisfied requires significant judgement.

5.1.4 Fair values of assets and liabilities acquired

The determination of the fair value of the assets, liabilities and contingent liabilities as a result of business combination requires significant judgement.

5.1.5 Control assessment

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

5.1.6 Classification of real estate

Management decides on acquisition of properties whether they should be classified as “trading”, “property under development” or “investment properties”.

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

The Group classifies properties as property under development if it is acquired with the intention of development.

The Group classifies properties as investment property if it is acquired to generate rental income or for capital appreciation.

5.2 Estimates uncertainty

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

5.2.1 Impairment of assets with definite lives

At the financial position date, the group’s management assesses, whether there is any indication that assets with definite lives may be impaired. The recoverable amount of an asset is determined based on the “value in use” method. This method uses estimated cash flow projections over the estimated useful life of the asset.

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimates uncertainty (continued)

5.2.2 Impairment of associates

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

5.2.3 Impairment of financial assets

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

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

5.2.4 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 technical obsolescence that may change the utility of certain software and equipment.

5.2.5 Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

5.2.6 Fair value of financial instruments

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available.

This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5.2.7 Significant influence

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

Notes to the consolidated financial statements (continued)

6 Subsidiaries

6.1 Composition of the Group

Details of the subsidiaries held directly by the Group are as follows:

Name of the subsidiary	Voting capital held		Place of incorporation	Principal activities	Reporting date
	31 Dec. 2025	31 Dec. 2024			
International Finance Company – S.A.L (6.1.1)	100%	100%	Lebanon	Finance services including financing, management and brokerage.	30 September 2025
Arzan CC for Collection Company - S.P.C	100%	100%	Kuwait	Trading in real estate activities and collecting money on behalf of others	31 December 2025
Kuwait Invest Real Estate Co.– W.L.L	51%	51%	Kuwait	General Trading and Contracting and real estate services	31 December 2025
Arzan Securities Brokerage Co. SAE	84.55%	84.55%	Egypt	Brokerage services	30 September 2025
International Financial Advisers Company – WLL	65.20%	65.20%	Jordan	Brokerage services	30 September 2025
Saudi Invest Real Estate Co. – WLL	100%	100%	Saudi Arabia	Real estate services	31 December 2025
Arzan VC I Ltd.	100%	100%	United Arab Emirates	Projects management	31 December 2025
HI Equity Company Ltd.	99.18%	99.18%	Cayman Islands	Real estate	30 September 2025
HI Debt Company Ltd.	99.35%	99.35%	Cayman Islands	Real estate	30 September 2025
Arzan Capital (Holding) Limited	71.62%	63.14%	United Arab Emirates	Holding Company	30 September 2025
Arzan AM Limited (Note18.2d)	-	100%	United Arab Emirates	Investment Holding	31 December 2024
Arzan Real Estate Co. – SAE	80%	80%	Egypt	Real estate	30 September 2025
Blender Company for Rent and Lease Lands and Properties – SPC	100%	100%	Kuwait	Real estate	31 December 2025
Easy Buy Company – SPC	100%	100%	Kuwait	Credit facilities services	31 December 2025
Joint venture	51%	51%	Kuwait	Investment	31 December 2025
Arzan ESS for General Trading Company – WLL	100%	100%	Kuwait	General trading	31 December 2025
Fairway Kuwaiti Limited Company W.L.L.	51%	51%	Kuwait	Consulting services	30 September 2025
Dahyat Al Khalidya Real Estate Company W.L.L. (Note 6.1.2)	100%	100%	Kuwait	Real Estate activities	31 December 2025
Revenya Inc. (Note 6.1.3)	100%	-	USA	Investments	31 December 2025

Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.1 Composition of the Group (continued)

- 6.1.1 The Group's subsidiary; International Finance Company S.A.L ("IFC") is located in Lebanon, which is currently experiencing 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.

Furthermore, 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.

On the other hand, 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 increase in provision, amounting to KD1,848 was recognized as "provision for credit losses of restricted cash and cash equivalents" during the year to match the assets balance of the Lebanese subsidiary to the provision amount against them (31 December 2024: a reversal of provision of KD318,238) (Note 12.2). The Group also reversed a provision for instalment credit debtors of KD66,493 (31 December 2024: reversal of a provision of KD96,396) (Note 13).

Furthermore, 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 KD76,329 recognized in the consolidated statement of profit or loss for the year (31 December 2024: a foreign currency exchange gain of KD1,101,577).

Furthermore, 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 recognized.

Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.1 Composition of the Group (continued)

Summarized intra-group financial information of IFC Lebanon as at 31 December 2025 and 2024 is set out below:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Trading properties	456,705	456,705
Other assets	52,910	41,111
Total assets	509,615	497,816
Accounts payable and other liabilities	271,364	256,958
Total liabilities	271,364	256,958
	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD
Income from instalment credit	22,247	21,145
(Loss)/profit for the year	(37,447)	1,494,009

6.1.2 During the year, the Group increased the share capital of the subsidiary, i.e. Dahyat Al Khalidiya Real Estate Company W.L.L, in the State of Kuwait from KD20,000 to KD6,270,000 in which the Group holds 100% stake.

6.1.3 During the year, the Group acquired a 100% equity interest in Revenya Inc., a company incorporated in the USA, with an authorised share capital of USD2,000,000. The Group paid USD620,000 from the share capital till 31 December 2025.

6.2 Material non-controlling interests in subsidiaries:

The Group includes material non-controlling interests (NCI) in subsidiaries as follows:

Name of the subsidiary	Proportion of ownership interests and voting rights held by the NCI		Results allocated to NCI		Accumulated NCI	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	%	%	KD	KD	KD	KD
Kuwait Invest Real Estate Co.– WLL	49	49	247,010	125,921	4,988,481	4,738,855
Arzan Capital (Holding) Limited	28.38	36.86	(548,984)	271,777	9,145,929	9,314,222
Joint Venture	49.26	49.26	1,759,784	1,532,021	60,110,284	37,267,414
Others	-	-	63,221	(3,961)	3,592,055	3,603,251

Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.2 Material non-controlling interests in subsidiaries: (continued)

Summarised financial information of subsidiaries with material non-controlling interests, before inter-group elimination is set out below:

a) Kuwait Invest Real Estate Co. – WLL

	31 Dec. 2025 KD	31 Dec. 2024 KD
Non-current assets	10,137,630	9,626,142
Current assets	43,890	45,591
Total asset	10,181,520	9,671,733
Current liabilities	946	599
Total liabilities	946	599
Equity attributable to the shareholders of the Parent Company	5,192,093	4,932,279
Non-controlling interests	4,988,481	4,738,855
Total equity	10,180,574	9,671,134
	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Income	506,149	258,440
Expenses and other charges	(2,047)	(1,459)
Profit for the year attributable to the shareholders of the Parent Company	257,092	131,060
Profit for the year attributable to non-controlling interests	247,010	125,921
Profit for the year	504,102	256,981
Total comprehensive income for the year attributable to the shareholders of the Parent Company	259,815	135,425
Total comprehensive income for the year attributable to non-controlling interests	249,626	130,114
Total comprehensive income for the year	509,441	265,539
Net cash flow used in operating activities	(1,627)	(1,594)
Net cash flows	(1,627)	(1,594)

Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.2 Material non-controlling interests in subsidiaries: (continued)

b) Arzan Capital (Holding) Limited

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Non-current assets	28,334,891	29,741,630
Current assets	7,802,819	4,393,983
Total assets	36,137,710	34,135,613
Non-current liabilities	248,676	145,137
Current liabilities	1,966,804	6,274,678
Total liabilities	2,215,480	6,419,815
Equity attributable to the shareholders of the Parent Company	24,776,301	18,401,576
Non-controlling interests	9,145,929	9,314,222
Total equity	33,922,230	27,715,798
	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Revenues	2,621,317	3,237,573
Expenses and other charges	(4,442,378)	(2,460,979)
(Loss)/profit for the year attributable to the shareholders of the Parent Company	(1,272,076)	504,817
(Loss)/profit for the year attributable to non-controlling interests	(548,985)	271,777
(Loss)/profit for the year	(1,821,061)	776,594
Total comprehensive (loss)/income for the year attributable to the shareholders of the Parent Company	(1,083,710)	251,951
Total comprehensive (loss)/income for the year attributable to non-controlling interests	(467,631)	124,159
Total comprehensive (loss)/income for the year	(1,551,341)	376,110
Net cash flow from/(used in) operating activities	889,588	(764,127)
Net cash flows	889,588	(764,127)

Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.2 Material non-controlling interests in subsidiaries: (continued)

c) Joint Venture

	31 Dec. 2025 KD	31 Dec. 2024 KD
Non-current assets	124,291,394	77,042,749
Current assets	506,040	1,379,420
Total assets	124,797,434	78,422,169
Total liabilities	-	-
Equity attributable to the shareholders of the Parent Company	64,687,151	41,154,755
Non-controlling interests	60,110,283	37,267,414
Total equity	124,797,434	78,422,169
	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Income	3,572,686	3,110,288
Profit for the year attributable to the shareholders of the Parent Company	1,812,903	1,578,267
Profit for the year attributable to non-controlling interests	1,759,783	1,532,021
Profit for the year	3,572,686	3,110,288
Total comprehensive income for the year attributable to the shareholders of the Parent Company	23,532,396	14,847,814
Total comprehensive income for the year attributable to non-controlling interests	22,843,869	14,412,756
Total comprehensive incomes for the year	46,376,265	29,260,570

7 Income from instalment credit debtors

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Interest income from instalment credit	94,839	100,425
Discount, commission and fees	7,314	11,378
Recovery of written off balances	123,871	291,279
	226,024	403,082

Notes to the consolidated financial statements (continued)

8 Revenue from contracts with customers

The Group earns revenue from its asset management and advisory services, which are transferred over time.

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Assets management	434,567	287,327
Custodian and other fees	217,039	250,138
Advisory services	1,962,954	1,381,030
	2,614,560	1,918,495

Revenue from contracts with customers include revenues from related parties of KD201,559 (31 December 2024: KD180,920) (Note 33).

9 Finance costs

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<i>On financial liabilities at amortised cost:</i>		
Term loans	222,716	523,592
Murabaha payables	2,814,916	1,275,379
Others	305,436	270,197
	3,343,068	2,069,168

10 Basic and diluted earnings per share

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

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
Profit for the year attributable to the shareholders of the Parent Company - KD	23,241,415	14,096,643
Weighted average number of shares outstanding during the year to be used to account for basic earnings per share (excluding treasury shares)	906,473,600	894,093,620
Shares to be issued for no consideration under share-based payments (Note 28)	1,051,508	1,373,837
Weighted average number of shares outstanding during the year to be used to account for diluted earnings per share (excluding treasury shares)	907,525,108	895,467,457
Basic earnings per share attributable to the Parent Company's shareholders – Fils	25.639	15.766
Diluted earnings per share attributable to the Parent Company's shareholders – Fils	25.610	15.742

The basic and diluted earnings per share reported during the previous year were 16.567 Fils and 16.540 Fils respectively, before retroactive adjustments relating to bonus shares issue (Note 30).

Notes to the consolidated financial statements (continued)

11 Net profit on financial assets

Net profit on financial assets, analysed by category, is as follows:

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<i>At amortised cost:</i>		
Interest income	381,248	237,733
Instalments credit debtors	232,553	501,661
Profit on financial assets at amortised cost	613,801	739,394
<i>Financial assets at fair value through profit or loss:</i>		
Interest income	-	33,069
Changed in fair value	1,218,480	9,134,821
Gain on disposal	1,476,875	258,911
Dividend income	1,009,305	492,122
Gain on financial assets at FVTPL	3,704,660	9,918,923
<i>Financial assets at fair value through other comprehensive income:</i>		
Interest income	571,935	296,427
Dividend income	4,127,549	4,300,282
Gain included in consolidated statement of profit or loss	4,699,484	4,596,709
Change in fair value	20,920,615	31,953,340
Gain on disposals and transfers	28,685,699	6,176,907
Profit included in other comprehensive income	49,606,314	38,130,247
Total gain on financial assets at fair value through other comprehensive income	54,305,798	42,726,956
Net gain on financial assets	58,010,458	52,645,879

Income from instalment credit debtors' includes the reversal of provision of KD66,493 (31 December 2024: the reversal of provision KD96,396) related to IFC Lebanon (Note 13).

Notes to the consolidated financial statements (continued)

12 Cash and cash equivalents

12.1 Cash and cash equivalents

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cash on hand and at banks	4,752,428	3,579,706
Cash balance held in managed portfolios	466,407	209,479
Total cash and bank balances	5,218,835	3,789,185
Term deposits with contractual maturity not exceeding three months	732,271	21,716
Term deposits with contractual maturity exceeding three months	172,299	434,311
Total term deposits	904,570	456,027
	6,123,405	4,245,212
Less: Term deposits with contractual maturity exceeding three months	(172,299)	(434,311)
Cash and cash equivalent as per the consolidated statement of cash flows	5,951,106	3,810,901

Cash in managed portfolios includes an amount of KD400,550 (31 December 2024: KD31,645) pledged against term loans (Note 23) and Murabaha payable (Note 24).

12.2 Restricted cash and cash equivalents

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cash and bank balances	156,314	154,388
Term deposits with contractual maturity ranging from 1 to 3 months	2,951,480	2,951,557
	3,107,794	3,105,945
Provision for credit losses	(3,107,794)	(3,105,945)
Restricted cash and cash equivalents	-	-

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. Cash and cash equivalents balance held in Lebanon increased, and in return, the Group recognized a provision for credit losses of KD1,848 (31 December 2024: the Group recognized reversal of a provision of KD318,238) against these restricted cash and cash equivalents balances of its subsidiary “IFC - Lebanon” (Note 6.1.1).

12.3 The term deposits carry an effective interest rate of 2.25% to 5.5% (31 December 2024: 3.25% to 6.6%) per annum.

Notes to the consolidated financial statements (continued)

13 Instalment credit debtors

	31 Dec. 2025 KD	31 Dec. 2024 KD
Gross instalment credit debtors	3,229,441	3,224,827
Deferred income	(237,475)	(248,623)
	2,991,966	2,976,204
Specific provision for credit losses	(1,776,346)	(2,196,264)
General provision for credit losses	(74,768)	(22,159)
	1,140,852	757,781

Gross instalment credit debtors are due as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Within one year	2,349,805	2,696,426
More than a year	879,636	528,401
	3,229,441	3,224,827

The effective interest rate earned on instalment credit ranging from 5% to 10% (31 December 2024: 5% to 10%) per annum.

Movement in provisions for credit losses is as follows:

	31 December 2025			31 December 2024		
	Specific provision KD	General provision KD	Total KD	Specific provision KD	General provision KD	Total KD
Opening balance	2,196,264	22,070	2,218,334	2,500,781	41,868	2,542,649
Charge for the year	39,593	89,233	128,826	92,453	17,086	109,539
Write-back of provision during the year	(98,473)	(36,793)	(135,266)	(172,005)	(36,113)	(208,118)
Write-off of provision during the year	(361,001)	-	(361,001)	(189,214)	-	(189,214)
Foreign currencies translation adjustments	(37)	258	221	(35,751)	(682)	(36,433)
Closing balance	1,776,346	74,768	1,851,114	2,196,264	22,159	2,218,423

Provision for credit losses is calculated, in all material respect, according to the requirements of the Central Bank of Kuwait. During the year, the Group recognized a net reversal of provision of KD66,493 (31 December 2024: reversal of a provision of KD96,396) for instalment credit debtors of its subsidiary "IFC - Lebanon" (Note 6.1.1).

Notes to the consolidated financial statements (continued)

14 Financial assets at fair value through profit or loss

	31 Dec. 2025 KD	31 Dec. 2024 KD
Local quoted shares	490,826	14,409,542
Foreign quoted shares	619,247	647,199
Foreign unquoted shares	5,765,819	7,531,543
Investments in managed portfolios	17,530,572	15,148,051
Investment in managed fund	2,652,173	3,296,358
	27,058,637	41,032,693

Investments in managed portfolios, include an investment portfolio with fair value of KD17,087,382 (31 December 2024: KD13,933,807) including cash balances, which are pledged against borrowings (Notes 23 and 24).

During the year, the Group disposed of financial assets at FVTPL with a carrying value of KD21,802,701 (31 December 2024: KD5,739,564) for consideration of KD23,279,576 (31 December 2024: KD5,998,475) resulting in a profit of KD1,476,875 (31 December 2024: KD258,911).

During the current year, 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 investment in associates upon gaining the significant influence of the investee (Note 18.2b).

The hierarchy for determining and disclosing the fair values of financial assets at fair value through profit or loss is presented in Note 35.2.

15 Accounts receivable and other assets

	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets		
Trade receivables	4,100,542	3,610,303
Instalments sales receivable	7,797,856	5,113,474
Receivable from margin finance clients	4,158,229	2,498,189
Due from related parties	1,108,929	1,365,922
	17,165,556	12,587,888
Provision for doubtful debts	(5,010,774)	(4,041,171)
	12,154,782	8,546,717
Non-financial assets:		
Advance payments	30,634	31,057
Other assets	3,538,101	863,255
	3,568,735	894,312
	15,723,517	9,441,029

The receivable from margin finance clients includes an amount of KD1,640,893 (31 December 2024: KD838,472) related to related parties (Note 33). Receivable from margin finance clients is secured against the clients' investments being financed.

The carrying value of the financial assets included above approximates its fair value.

Notes to the consolidated financial statements (continued)

15 Accounts receivable and other assets (continued)

Movement in provision for impairment of doubtful debts is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at the beginning of the year	4,041,171	2,572,087
Charged during the year	1,027,371	1,531,720
Reversal during the year	(47,607)	(51,072)
Foreign currency adjustments	(10,161)	(11,564)
Balance at end of the year	5,010,774	4,041,171

The above-mentioned provision includes a provision of KD88,685 (31 December 2024: of KD99,111) relating to balances due from related parties.

16 Properties held for trading

Properties held for trading represent the group's share of investments in properties outside Kuwait.

The movement in the properties held for trading is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at 1 January	1,911,617	1,869,449
Transferred from real estate under development (Note 19)	-	545,890
Disposals	(47,935)	(500,509)
Foreign currency translation	2,553	(3,213)
Balance at 31 December	1,866,235	1,911,617

During the year, the Group disposed properties held for trading with a carrying value of KD47,935 (31 December 2024: KD500,509) for consideration of KD101,127 (31 December 2024: KD829,973), resulting in a gain of KD53,192 (31 December KD329,464).

Based on impairment tests of the carrying value of properties held for trading, the Group reversed a provision for impairment of KD 449,874 for the year ended 31 December 2024.

17 Financial assets at fair value through other comprehensive income

	31 Dec. 2025 KD	31 Dec. 2024 KD
Local quoted shares	77,872,964	56,631,636
Local unquoted shares	9,478,151	7,974,201
Foreign quoted shares	1,142,387	-
Foreign unquoted shares	36,986,120	51,175,521
Investments in managed portfolios	52,807,193	38,701,053
Debt instruments	4,743,943	4,698,634
Investment funds	10,044	9,468
	183,040,802	159,190,513

Notes to the consolidated financial statements (continued)

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

These investments are held for medium-to-long-term strategic purposes. Accordingly, the Group has elected to designate these financial assets as at FVTOCI as it believes that recognizing short-term fluctuations in the fair value of these financial assets in consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these financial assets for long-term purposes and realizing their performance potential in the long run.

The Group's financial assets at FVTOCI disaggregated by its business sectors are as follows:

	Financial services KD	Real estate KD	Consumer services KD	Others KD	Total KD
31 December 2025:					
Local quoted shares	63,794,475	13,952,134	-	126,355	77,872,964
Local unquoted shares	7,123,809	31,429	2,322,163	749	9,478,150
Foreign quoted shares	1,142,387	-	-	-	1,142,387
Foreign unquoted shares	8,590,339	25,259,740	2,825,671	310,370	36,986,120
Investments in managed portfolios	50,542,334	2,264,860	-	-	52,807,194
Debt instruments	382,063	3,593,755	-	768,125	4,743,943
Investment funds	10,044	-	-	-	10,044
	131,585,451	45,101,918	5,147,834	1,205,599	183,040,802
31 December 2024:					
Local quoted shares	47,272,016	9,262,961	-	96,659	56,631,636
Local unquoted shares	6,378,377	34,395	1,560,201	1,228	7,974,201
Foreign unquoted shares	26,419,493	23,301,177	996,725	458,126	51,175,521
Investments in managed portfolios	25,070,000	1,218,696	12,412,357	-	38,701,053
Debt instruments	526,773	3,403,736	-	768,125	4,698,634
Investment funds	9,468	-	-	-	9,468
	105,676,127	37,220,965	14,969,283	1,324,138	159,190,513

- 17.1 Debt instruments amounting to KD 4,743,943 (31 December 2024: KD4,698,634) carry interest rate ranging from 8% to 15% (31 December 2024: 8% - 15%) per annum.
- 17.2 Local quoted shares and investments in managed portfolios with an aggregate carrying value of KD 59,481,865 (31 December 2024: KD43,329,813) are pledged against borrowings (Notes 23 and 24).
- 17.3 The hierarchy for determining and disclosing the fair values of financial assets at fair value through other comprehensive income is presented in Note 35.2.
- 17.4 During the current year, 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 associates upon gaining significant influence over the investee. 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 (Note 18.2.b).
- 17.5 During the current year, the Parent Company transferred an investment with a fair value of KD19,042,860 to another existing subsidiary and consequently it became a joint venture. The previously recognised changes in fair values, amounting to KD11,893,454 and recorded in other comprehensive income, have been reclassified to retained earnings upon de-recognition (Note 18.2d).

Notes to the consolidated financial statements (continued)

18 Investment in associates and joint venture

18.1 The details of the Group’s investment in associates and joint venture are given below:

Name of the associates and joint venture	Country of incorporation	Ownership Percentage		Activity
		31 Dec. 2025	31 Dec. 2024	
		%	%	
Associates				
Offset Holding Co. – K.S.C.C	Kuwait	50.00	50.00	Holding Company
Al-Wafir Marketing Services Company – K.S.C.C	Kuwait	34.00	34.00	Marketing Services
Al Oula Slaughterhouse Co. – K.S.C.C	Kuwait	28.89	28.89	Services
Gulf Real Estate Co. – W.L.L	Kuwait	20.13	20.13	Real Estate
IFA Hotels and Resorts – K.P.S.C (a)	Kuwait	10.18	10.18	Real Estate
International Financial Advisors Holding – K.P.S.C (b)	Kuwait	18.87	-	Investment Holding
National Medical Consumable Industries Company – K.S.C.C (c)	Kuwait	51.00	-	Packing and Retails Hotels Services
Bantry SP	UK	15.00	15.00	Management
Joint Venture				
Arzan AM Ltd (d)	UAE	78.66	-	Investment Holding

18.2 The movement in the carrying amount of the investment in associates and joint venture during the year is as follows:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
At 1 January	55,213,376	31,229,754
Transfer from financial assets at FVTPL & FVTOCI to investment in associates (b)	35,069,289	19,207,709
Transfer from financial assets at FVTOCI to investment in joint venture (d)	19,042,860	-
Additions (b)	6,668,179	1,063,000
Net share of results (b)	23,688,463	3,987,576
Dividend received	(1,357,241)	(1,342,795)
Foreign currency translation	(119,032)	6,699
Shares of other comprehensive income	3,065,478	1,061,433
At 31 December	141,271,372	55,213,376

a) 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 FVTOCI. During the previous year, following the appointment of the Parent Company’s representation in the board of directors of IFAHR, the Parent Company has gained the significant influence over IFAHR, as defined under IFRS 28. Consequently, the Parent Company has reclassified its investment in IFAHR from financial assets at FVTOCI 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.

Notes to the consolidated financial statements (continued)

18 Investment in associates and joint ventures (continued)

During the current reporting year, 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 year ended 31 December 2025 or the carrying value of the investments in associates as at 31 December 2024.

b) The Group owns 18.68% of International Financial Advisors Holding – KPSC (“IFA Holding”), which was originally classified as financial assets at FVTPL and financial assets at FVTOCI (Note 14 & 17.4). During the current year, following the appointment of the Parent Company's representations in the board of directors of IFA Holding, the Parent Company has gained significant influence over IFA Holding, as defined under IAS 28. Consequently, the Parent Company has reclassified its investment in IFA Holding from financial assets at FVTPL and financial assets at FVTOCI 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 31 December 2025 (after incorporating the impact of the purchase price allocation).

During the current year, 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 recognized a bargain purchase gain amounting to KD 14,081,283 recorded in consolidated statement of profit or loss instead the initially recognised goodwill of KD13,263,579.

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 based on the revised purchase price allocation.

	IFA Holding KD
Total assets	289,557,519
Total liabilities	22,266,936
Equity	267,290,583
Non-controlling interests	(4,946,424)
Equity attributable to the owners of the associate	(262,344,159)
Fair value of investment at the reclassification date	35,473,822
Share of net assets	(49,555,105)
Gain on bargain purchase (Included within share of results)	14,081,283

As of the reporting date, the Group has recognised an adjustment of KD6,323,387 in the consolidated statement of profit or loss for the current year based on the results of the impairment assessment carried out for an associate and the management has decided to net off this against the bargain purchase which is included within share of results as it is related.

Notes to the consolidated financial statements (continued)

18 Investment in associates and joint venture (continued)

- c) During the current year, the Group effectively acquired a 51% equity interest in National Medical Consumable Industries Company – KSCC (“NATMED”). However, as per the management of the Group, although the Group owns a majority of the voting shares, it does not have control over NATMED because, under the terms of the shareholders’ agreement, key strategic and operating decisions require consent of all significant shareholders. Accordingly, the Group does not have the power to direct the relevant activities of NATMED and therefore does not control the investee as defined in IFRS 10 Consolidated Financial Statements.

However, the management of the Group believes that the Group exercises significant influence over the above investee and accordingly has been classified as an associate as of 31 December 2025. The associate is accounted using the equity method in these consolidated financial statements based on the consolidated financial statements as of 30 September 2025 (after incorporating the impact of the purchase price allocation).

The summarised financial information of NATMED below, represents the amounts presented in the consolidated financial statements of the new associate (and not the Group’s share of those amounts) as of the date of acquisition.

	NATMED KD
Total assets	14,441,054
Total liabilities	4,272,308
Equity (net assets)	10,168,746
Purchase consideration at the acquisition date	6,263,647
Share of net assets	(5,182,387)
Goodwill included in the carrying value of the associate	1,081,260

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.

- d) During the current year, the Group entered into a joint venture arrangement with Kuwait Holding Company KSCC (“KHC”), a related party, to jointly control the financial and operating policies of one of the Group’s existing subsidiaries, Arzan AM Ltd. (“AML”), a company incorporated in the United Arab Emirates. The joint arrangement provides that decisions regarding the relevant activities of AML require the unanimous consent of both parties, thereby establishing joint control in accordance with IFRS 11 Joint Arrangements.

Under the terms of the joint control agreement, the Group contributed financial assets with a fair value of KD19,042,860 (equivalent to USD62,028,859) (Note 17.5), while KHC contributed its corresponding interest in the same investment with a fair value of KD5,166,249 (equivalent to USD16,828,172). Following this transaction, the Group holds a 78.66% ownership interest in AML and KHC holds 21.34%.

AML’s assets include an investment in Miami International Holdings Inc. (“MIAX”), which are listed on the New York Stock Exchange (“NYSE”). The quoted bid price has been discounted by 30% to reflect restrictions on the sale of this investment until 31 December 2025. Upon the lifting of these restrictions on 9 February 2026, the investment will be marked to market without any discount and the change in fair value will be recognized accordingly.

No dilution gain or loss was recognized on this transaction, as the former subsidiary (AML) did not have any assets, liabilities, or operations at the date of the transaction.

Notes to the consolidated financial statements (continued)

18 Investment in associates and joint venture (continued)

18.3 Summarised financial information of Group's material associates and joint venture are set out below:

	NATMED Co. K.S.C.C (associate)		IFA Holding Co. K.P.S.C (associate)		IFA Hotels and Resorts Co. K.P.S.C (associate)	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Assets						
Current	9,765,847	-	27,370,791	-	49,712,271	41,376,381
Non-current	3,793,764	-	287,780,891	-	135,948,315	158,099,625
	13,559,611	-	315,151,682	-	185,660,586	199,476,006
Liabilities						
Current	1,238,138	-	3,468,101	-	88,220,969	63,520,804
Non-current	1,072,383	-	22,197,428	-	19,876,479	22,213,548
	2,310,521	-	25,665,529	-	108,097,448	85,734,352
Total equity	11,249,090	-	289,486,153	-	77,563,138	113,741,654
Non-controlling interests	-	-	(4,533,931)	-	(26,276,945)	(23,061,538)
Equity attributable to the owners of the associates	11,249,090	-	284,952,222	-	51,286,193	90,680,116
Group share of net assets	5,733,365	-	53,814,316	-	10,516,907	8,552,095
Impairment loss	-	-	(6,323,387)	-	-	-
Goodwill	1,081,260	-	-	-	11,649,504	11,649,504
Carrying amount	6,818,320	-	47,490,929	-	22,166,411	20,201,599
Income	6,814,625	-	16,496,325	-	39,620,835	59,612,633
Profit	1,080,344	-	11,601,274	-	21,869,868	16,748,341
Total comprehensive income	1,080,344	-	22,196,245	-	22,522,575	17,510,962
Dividend received	-	-	-	-	-	-
Market value	-	-	47,490,929	-	30,225,539	43,166,011

Notes to the consolidated financial statements (continued)

18 Investment in associates and joint venture (continued)

18.4 Summarised financial information of Group's material associates and joint venture are set out below:

	Offset Holding Co. K.S.C.C (associate)		Al Wafir Marketing Services Co. K.S.C.C (associate)		Arzan AM Ltd. (Joint Venture)	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Assets						
Current	10,772,608	8,892,202	35,409,955	40,871,789	33,058,606	-
Non-current	17,647,555	17,689,384	92,848,371	63,790,596	-	-
	28,420,163	26,581,586	128,258,326	104,662,385	33,058,606	-
Liabilities						
Current	788,337	748,803	23,091,416	18,933,460	-	-
Non-current	1,122,594	1,131,879	42,303,666	34,030,547	-	-
	1,910,931	1,880,682	65,395,082	52,964,007	-	-
Total equity	26,509,232	24,700,904	62,863,244	51,698,378	33,058,606	-
Non-controlling interests	(6,233,973)	(5,448,620)	(7,870,644)	(7,303,684)	-	-
Equity attributable to the owners of the associates/joint venture	20,275,259	19,252,284	54,992,600	44,394,694	33,058,606	-
Group share of net assets	10,137,630	9,626,142	18,696,714	15,093,574	26,003,865	-
Goodwill	-	-	6,970,856	7,104,406	-	-
Carrying amount	10,137,630	9,626,142	25,667,570	22,197,980	26,003,865	-
Income	5,280,065	1,569,525	30,094,220	13,292,079	8,960,609	-
Profit	1,012,297	516,879	11,285,470	6,913,264	8,960,609	-
Total comprehensive income	1,022,975	516,879	13,942,208	9,832,761	8,960,609	-
Dividend received	-	-	1,270,565	1,270,565	-	-
Market value	-	-	-	-	-	-

The remaining associates are considered as immaterial to the Group.

Notes to the consolidated financial statements (continued)

18 Investment in associates and joint venture (continued)

18.4 Set out below is the aggregate information for the other associates and joint venture.

	31 Dec. 2025 KD	31 Dec. 2024 KD
Assets	17,185,131	16,208,619
Liabilities	1,123,376	1,227,737
Net assets	16,061,755	14,980,882
Group's share of net assets	3,543,157	3,187,656
Carrying amount	3,543,157	3,187,656
Revenue	1,056,761	2,158,702
Profit for the year	1,591,658	1,892,247
Total comprehensive income	1,591,658	1,892,247
Dividends received	86,676	72,230

Investments in associates with a carrying amount of KD34,237,009 (31 December 2024: KD12,019,983) are pledged against borrowings (Notes 23 and 24).

19 Real estates under development

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cost		
Balance at the beginning of the year	1,589,939	2,208,564
Transfer to properties held for trading (Note 16)	-	(545,890)
Development costs and additions	207,493	392,958
Foreign exchange differences	23,415	(497,056)
Total Cost	1,820,847	1,558,576
(Impairment)/reversal of impairment	(8,417)	31,363
Net book value at the year end	1,812,430	1,589,939

The Group jointly owns a right of use real estate property in Kuwait, which is classified as properties under development for trading purposes. The joint owners of the right of use include related parties and the property is managed by one of the related parties of the Group.

Notes to the consolidated financial statements (continued)

20 Investment properties

	Land KD	Building KD	Total KD
Cost			
1 January 2025	1,023,750	1,484,989	2,508,739
31 December 2025	1,023,750	1,484,989	2,508,739
Accumulated depreciation			
1 January 2025	-	1,205,974	1,205,974
Charge for the year	-	58,740	58,740
31 December 2025	-	1,264,714	1,264,714
Net book value			
At 31 December 2025	1,023,750	220,275	1,244,025
Fair value as at 31 December 2025	2,731,017	593,983	3,325,000
Cost			
1 January 2024	1,023,750	1,484,989	2,508,739
31 December 2024	1,023,750	1,484,989	2,508,739
Accumulated depreciation			
1 January 2024	-	1,147,234	1,147,234
Charge for the year	-	58,740	58,740
31 December 2024	-	1,205,974	1,205,974
Net book value			
At 31 December 2024	1,023,750	279,015	1,302,765
Fair value as at 31 December 2024	2,555,382	703,993	3,259,375

Land is not depreciated. The building is depreciated over 25 years. The fair value of the investment properties is determined based on independent valuations. The investment properties represent the part of building constructed on land rented to related parties and third parties and is accounted for as an investment property under IAS 40.

The investment properties are mortgaged against Murabaha payable (Note 24).

21 Assets held for sale

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
Bantry SP	2,239,230	2,249,268
Riparian Housing Investors I, LLC	1,577,672	927,000
Hill Top UK 7 Ltd (a)	-	3,417,861
	3,816,902	6,594,129

Notes to the consolidated financial statements (continued)

22 Accounts payable and other liabilities

	31 Dec. 2025 KD	31 Dec. 2024 KD
Trade payables	290,720	145,370
Due to related parties (Note 33)	1,546,682	2,856,747
Other payables	4,686,563	2,938,860
Lease liability	37,680	63,817
Accrued interest	319,253	232,644
Provision for employees leave	377,264	340,364
KFAS payable	250,964	290,499
NLST and Zakat payable	3,953,199	3,083,266
Due to shareholders (Note 33)	475,448	466,367
	11,937,773	10,417,934

23 Term loans

	Interest	31 Dec. 2025 KD	31 Dec. 2024 KD
Kuwaiti Dinar facilities	(1.75% + CBK)	7,996,000	2,196,000
		7,996,000	2,196,000
Due within one year		2,996,000	2,196,000
Due more than one year		5,000,000	-

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 to KD3,000,000. The Parent Company withdrew an amount of KD2,996,000 from these facilities as at 31 December 2025 (31 December 2024: KD2,196,000). Further, the Parent Company has secured an additional loan facility of KD 5,000,000 from a Kuwaiti bank.

Kuwaiti Dinar facilities are payable on 31 July 2028.

Kuwaiti Dinar facilities are secured against mortgage of cash in managed portfolios (Note 12), certain financial assets at FVTPL (Note 14), financial assets at FVTOCI (Note 17) and investment in associates and joint venture (Note 18).

24 Murabaha payables

The Murabaha payables outstanding balance represents Islamic financings obtained in Kuwaiti Dinar from a local banks carrying effective profit rates ranging from 4.7 % to 5.2% (31 December 2024: 5.2% to 5.50%) per annum. These financings are secured against pledge of cash in managed portfolio (Note 12), certain financial assets at FVTPL (Note 14), financial assets at FVTOCI (Note 17), investment in associates and joint venture (Note 18), investment properties (Note 20) and property and equipment, which are payable in various instalments ending by November 2029.

Notes to the consolidated financial statements (continued)

24 Murabaha payables (continued)

Murabaha payables are due as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Within one year	31,646,283	21,504,330
After one year	29,526,250	19,977,800
	61,172,533	41,482,130

25 Share capital and share premium

The authorized, issued and paid-up share capital of the Parent Company consists of 907,433,921 shares of 100 fils each (31 December 2024: 864,222,782 shares of 100 fils each). All shares are paid in cash.

During the year, the annual general assembly of the Parent Company's shareholders approved to increase the share capital through issuance of 5% bonus shares (Note 30). It was registered in the commercial register on 18 May 2025.

The share premium is non-distributable.

26 Treasury shares

	31 Dec. 2025	31 Dec. 2024
Number of treasury shares	1,109,556	1,094,422
Percentage of ownership (%)	0.122%	0.127%
Market value (KD)	393,892	287,833
Cost (KD)	325,476	243,811

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

27 Reserves

Statutory reserve

In accordance with the Companies Law and the parent company's Articles and Memorandum of Association, as amended, 10% of the profit for the year attributed to the shareholders of the parent company (before contributions to KFAS, NLST, Zakat and directors' remuneration) is required to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up capital.

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

Voluntary reserve

The parent company's Articles of Association, as amended, require that 10% of the profit for the year attributable to the shareholders of the parent company (before contributions to KFAS, NLST, Zakat and directors' remuneration) should be transferred to voluntary reserve. There are no restrictions on distribution of voluntary reserves.

Notes to the consolidated financial statements (continued)

28 Share based payments

During 2019, the Parent Company obtained approval of the general assembly of the shareholders to establish an employee stock option plan (ESOP) to reward the performance of its employees and the executive board members. The final approval of the ESOP was obtained from the regulatory authority in January 2021. The Parent Company granted shares to the employees during 2020. Under the ESOP, the vesting conditions include the performance of the employees as well as the financial performance of the Parent Company. The shares are granted to the employees annually at no cost and vest on the dates of the general assembly in the following third, fourth and fifth years in predetermined ratios. While the ESOP has no specific time limit, a maximum of 10% of the Parent Company's share capital at the inception of the plan can be granted. The shares granted will be given to the employees either from the treasury shares or issue of new shares.

Pursuant to the plan, the board of directors approved to make available 327,133 shares for the year ended 31 December 2024 (31 December 2023: 478,724 shares). The fair value of the shares on the grant date was KD0.306 each (31 December 2023: KD0.194 each). Therefore, the Group recognized an expense of KD91,083 (31 December 2024: KD78,336) in the consolidated statement of profit or loss.

During the year, from the shares granted to staff as share-based payments 1,194,996 shares were issued out of treasury shares (cost of KD271,998 and market value of shares on issue date KD365,669). This led to a reduction in the balance of the share-based payment reserve by an amount of KD78,557 and a reduction in the balance of retained earnings by an amount of KD293,113 as stated in the consolidated statement of changes in equity.

29 Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Term loans KD	Murabaha payables KD	Total KD
Balance at 1 January 2025	2,196,000	41,482,130	43,678,130
Cash flows:			
• Repayment	-	(1,188,796)	(1,188,796)
• Proceeds	5,800,000	20,879,199	26,679,199
31 December 2025	7,996,000	61,172,533	69,168,533
Balance at 1 January 2024	10,592,834	14,332,400	24,925,234
Cash flows:			
• Repayment	(9,872,834)	(708,300)	(10,581,134)
• Proceeds	1,476,000	27,858,030	29,334,030
31 December 2024	2,196,000	41,482,130	43,678,130

30 Proposed dividends and annual general assembly

Subject to the requisite consents of the relevant authorities and approval of the shareholders' general assembly, the directors of the Parent Company propose to distribute cash dividends of 2 Fils each for the year ended 31 December 2025 (31 December 2024: 3 Fils each) and bonus shares at 6% for the shareholders of the Parent Company through increase in share capital (31 December 2024: bonus share at 5%)

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 (31 December 2023: 2 Fils per share).

Notes to the consolidated financial statements (continued)

30 Proposed dividends and annual general assembly (continued)

It approved 5% bonus shares through increase of the share capital for the financial year ended 31 December 2024 (31 December 2023: 4% of bonus shares). Further, the Annual General Assembly approved the board of directors' and committees' remuneration of KD77,850 for the year ended 31 December 2024 (31 December 2023: KD68,050), which has been recorded under expenses in the consolidated statement of profit or loss of the current year.

31 Fiduciary accounts

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 consolidated financial position. Total fiduciary assets as at the financial position date were KD 112,175,926 (31 December 2024: KD84,609,051), which include related parties' assets under management amounted to KD79,330,998 (31 December 2024: KD58,826,263) (Note 33).

32 Segmental information

Operating segments are identified 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 income, profit for the year, 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
Year ended 31 December 2025					
Total revenue	3,316,736	33,773,021	1,236,347	291,862	38,617,966
Profit for the year	2,454,736	21,389,361	825,309	93,040	24,762,446
As at 31 December 2025					
Total assets	1,323,051	365,503,208	12,383,810	5,645,376	384,855,445
Total liabilities	(386,682)	(81,783,341)	(699,309)	(425,802)	(83,295,134)
Net assets	936,369	283,719,867	11,684,501	5,219,574	301,560,311
Year ended 31 December 2024					
Total revenue	2,854,102	20,601,832	911,390	1,057,460	25,424,784
Profit for the year	2,121,949	12,450,160	545,000	905,292	16,022,401
As at 31 December 2024					
Total assets	1,135,191	265,083,057	11,317,144	5,663,360	283,198,752
Total liabilities	(403,914)	(54,232,169)	(639,617)	(712,779)	(55,988,479)
Net assets	731,277	210,850,888	10,677,527	4,950,581	227,210,273

Notes to the consolidated financial statements (continued)

33 Related party balances and transactions

Related parties represent associates and joint venture, 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 transactions and balances are as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balances included in the consolidated statement of financial position		
Margin finance receivable (Note 15)	1,640,893	838,472
Due from related parties - net (net of provision amounting to KD 88,685 in 2025 and KD 99,111 in 2024) (Note 15)	1,020,244	1,266,811
Due to related parties (Note 22)	1,546,682	2,856,747
Due to shareholders (Note 22)	475,448	466,367
<hr/>		
	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Transactions included in the consolidated statement of profit or loss		
Revenue from contracts with customers (Note 8)	201,559	180,920
Rental income	119,004	119,998
Interest income	225,086	128,557
General and administrative expenses	156,925	123,928
Finance costs	276,513	233,111
Key management compensation:		
Salaries and other short-term benefits	893,136	913,793
Board of directors' remuneration and other committees' remunerations (included in general and administrative expenses)	77,850	68,050
End of service benefits	63,281	67,249
Share based compensation	79,075	70,495
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Fiduciary assets of related parties managed by the Group (Note 31)	79,330,998	58,826,263

During the previous year, one of the subsidiaries received an amount of USD3,000,000 (equivalent to KD916,200) pursuant to two sales and repurchase agreements for certain unquoted foreign shares with related parties at an interest rate of 9.5% per annum and repayable within 180 days. The amount is included under due to related parties stated above.

34 Risk management objectives and policies

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

The Parent Company's board of directors sets out policies for reducing each of the risks discussed below.

The Group does not use derivative financial instruments, for speculative purposes.

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

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

34.1 Market risk

a) Foreign currency risk

The group mainly operates in the GCC, other Middle Eastern countries, Europe, and United States of America. It is exposed to foreign currency risk arising from various foreign currency exposures. Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from long-term cash flows.

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

	31 Dec. 2025 Equivalent KD	31 Dec. 2024 Equivalent KD
US Dollar (USD)	38,999,114	53,846,070
Lebanese Pound (LBP)	508,442	485,366
Great Britain Pound (BPB)	10,014,051	12,928,613
Egyptian Pound (EGP)	1,122,065	1,117,566
UAE Dirham (AED)	27,413,395	1,409,530
Saudi Riyal (SAR)	59,866	59,570
Euro	1,108,750	1,076,141
Omani Riyal	45,990	46,427
Jordanian Dinar (JOD)	830,626	669,421
Norway Kron	349,705	289,243
	80,452,004	71,927,947

The following table details the Group's sensitivity to a 2% (31 December 2024: 2%) increase and decrease in the KD against above foreign currencies. The sensitivity analysis includes only outstanding foreign currencies denominated financial assets and liabilities and adjusts their translation at the year-end for a 2% change in foreign currency rates. A positive number below indicates an increase in profit and equity and a negative number indicates a decrease in profit and equity. All other variables are held constant. There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

	31 Dec. 2025		31 Dec. 2024	
	+2% KD	-2% KD	+2% KD	-2% KD
Profit for the year	931,152	(931,152)	502,718	(502,718)
Equity	677,888	(677,888)	935,841	(935,841)

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.1 Market risk (continued)

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. As the Group is not exposed to a significant interest rate risk on interest bearing assets and the group is exposed to interest rate risk with respect to its borrowings which are both at fixed rate and floating interest rate. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings. The Group has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods.

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

The effective interest rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.1 Market risk (continued)

b) Interest rate risk (continued)

The Group's interest rate exposure based on earlier of contractual repricing arrangements and maturity at 31 December 2025 was as follows:

	Up to 1 month	1-3 months	3-12 months	Sub-total up to 1 year	Over 1 year	Non-interest bearing items	Total	Effective interest rate (%)
	KD	KD	KD	KD	KD	KD	KD	
Assets								
Cash and cash equivalents	-	732,271	-	732,271	-	5,218,835	5,951,106	2.25%-5.5%
Term deposits	-	172,299	-	172,299	-	-	172,299	5.5%
Instalment credit debtors	-	-	306,914	306,914	833,938	-	1,140,852	5%-10%
Financial assets at FVTPL	-	-	-	-	-	27,058,637	27,058,637	-
Accounts receivable and other assets	-	2,912,000	1,182,500	4,094,500	-	11,629,017	15,723,517	7.5%-8%
Financial assets at FVTOCI	-	-	-	-	4,743,943	178,296,859	183,040,802	8%-15%
	-	3,816,570	1,489,414	5,305,984	5,577,881	222,203,348	233,087,213	-
Liabilities								
Accounts payable and other liabilities	-	916,200	-	916,200	-	11,021,573	11,937,773	-
Term loans	-	-	2,996,000	2,996,000	5,000,000	-	7,996,000	5.25%-5.75%
Murabaha payables	-	9,089,728	22,556,555	31,646,283	29,526,250	-	61,172,533	4.7%-5.5%
Provision for employees' end of service benefits	-	-	-	-	-	2,188,828	2,188,828	-
	-	10,005,928	25,552,555	35,558,483	34,526,250	13,210,401	83,295,134	-

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.1 Market risk (continued)

b) Interest rate risk (continued)

The Group's interest rate exposure based on earlier of contractual repricing arrangements and maturity at 31 December 2024 was as follows:

	Up to 1 month	1-3 months	3-12 months	Sub-total up to 1 year	Over 1 year	Non-interest bearing items	Total	Effective interest rate (%)
	KD	KD	KD	KD	KD	KD	KD	
Assets								
Cash and cash equivalents	21,716	-	-	21,716	-	3,789,185	3,810,901	3.25%-5.75%
Term deposits	434,311	-	-	434,311	-	-	434,311	6.25%-6.6%
Instalment credit debtors	5,021	32,650	268,080	305,751	452,030	-	757,781	5%-10%
Financial assets at FVTPL	-	-	-	-	-	41,032,693	41,032,693	-
Accounts receivable and other assets	-	2,024,601	473,588	2,498,189	-	6,942,840	9,441,029	8% -8.25%
Financial assets at fair value through other comprehensive income	-	-	-	-	4,698,634	154,491,879	159,190,513	8%-15%
	461,048	2,057,251	741,668	3,259,967	5,150,664	206,256,597	214,667,228	-
Liabilities								
Accounts payable and other liabilities	-	-	2,464,800	2,464,800	-	7,953,134	10,417,934	-
Term loans	-	-	2,196,000	2,196,000	-	-	2,196,000	5.625%-5.75%
Murabaha payables	-	436,730	21,067,600	21,504,330	19,977,800	-	41,482,130	5.200%-5.5%
Provision for employees' end of service benefits	-	-	-	-	-	1,892,415	1,892,415	-
	-	436,730	25,728,400	26,165,130	19,977,800	9,845,549	55,988,479	-

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.1 Market risk (continued)

b) Interest rate risk (continued)

The following table illustrates the sensitivity of the result for the year to a reasonably possible change in interest rates of 1% and -1% (2024: +1% and -1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition. The calculations are based on the Group's financial instruments held at each financial position date. All other variables are held constant.

	31 Dec. 2025		31 Dec. 2024	
	+1% KD	-1% KD	+1% KD	-1% KD
Results for the year	592,009	(592,009)	377,323	(377,323)

c) Price risk

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

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

The sensitivity analyses below have been determined based on the exposure to equity price risks at the consolidated financial statements date.

If prices of investments had been 10% higher/lower, the effect on the profit for the year and equity for the years ended 31 December 2025 and 2024 would have been as follows:

	Profit for the year		Equity	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets at fair value through profit or loss	± 2,705,864	±3,350,115	-	-
Financial assets at fair value through other comprehensive income	-	-	± 18,304,080	±9,534,216

34.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of clients in specific locations or businesses through diversification of its activities and obtaining the suitable guarantees when appropriate.

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

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.2 Credit risk (continued)

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cash and cash equivalents	5,951,106	3,810,901
Term deposits	172,299	434,311
Instalment credit debtors	1,140,852	757,781
Financial assets at FVTPL	20,182,744	18,444,410
Accounts receivable and other assets	15,723,517	9,441,029
Financial assets at FVTOCI (Note 17)	57,561,180	43,409,155
Total	100,731,698	76,297,587

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.3 Concentration of assets

The distribution of assets by geographic region is as follows:

	Kuwait KD	Gulf Cooperation Council Countries KD	Other Middle Eastern countries KD	Europe and other countries KD	USA KD	Total KD
At 31 December 2025						
Cash and cash equivalents	2,565,022	1,857,294	1,440,339	-	88,451	5,951,106
Term deposits	-	-	172,299	-	-	172,299
Instalment credit debtors	1,140,852	-	-	-	-	1,140,852
Financial assets at FVTPL	13,331,088	6,250,901	2,519,928	-	4,956,720	27,058,637
Accounts receivable and other assets	10,021,652	4,543,862	955,300	53,842	148,861	15,723,517
Properties held for trading	-	1,409,530	456,705	-	-	1,866,235
Financial assets at fair value through other comprehensive income	132,680,227	7,798,492	3	13,598,966	28,963,114	183,040,802
Investment in associates and joint venture	114,259,215	26,003,865	-	1,008,292	-	141,271,372
Real estates under development	1,174,469	-	637,961	-	-	1,812,430
Investment Properties	1,244,025	-	-	-	-	1,244,025
Assets held for sale	-	-	-	2,239,230	1,577,672	3,816,902
Property and equipment	1,704,089	32,667	20,512	-	-	1,757,268
Total	278,120,639	47,896,611	6,203,047	16,900,330	35,734,818	384,855,445

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.3 Concentration of assets (continued)

	Kuwait KD	Gulf Cooperation Council Countries KD	Other Middle Eastern countries KD	Europe and other countries KD	USA KD	Total KD
At 31 December 2024						
Cash and cash equivalents	2,294,695	987,824	523,973	-	4,409	3,810,901
Term deposits	-	-	434,311	-	-	434,311
Instalment credit debtors	757,781	-	-	-	-	757,781
Financial assets at FVTPL	29,177,868	2,462,680	3,233,014	-	6,159,131	41,032,693
Accounts receivable and other assets	6,138,569	1,570,100	1,079,119	-	653,241	9,441,029
Properties held for trading	-	1,409,530	502,087	-	-	1,911,617
Financial assets at fair value through other comprehensive income	103,316,357	458,127	-	13,071,105	42,344,924	159,190,513
Investment in associates and joint venture	54,143,676	-	-	1,069,700	-	55,213,376
Real estates under development	1,174,469	-	415,470	-	-	1,589,939
Investment Properties	1,302,765	-	-	-	-	1,302,765
Assets held for sale	-	-	-	5,669,829	924,300	6,594,129
Property and equipment	1,833,065	59,779	26,854	-	-	1,919,698
Total	200,139,245	6,948,040	6,214,828	19,810,634	50,086,005	283,198,752

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.4 Liquidity risk

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

The table below summarizes the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile for financial assets at FVTOCI is determined based on management's estimate of liquidation of those investments. Maturity profile of the Group's assets and liabilities is as follows:

Maturity profile of assets and liabilities at 31 December 2025:

	Up to 1 month KD	1-3 months KD	3-12 months KD	Sub-total Up to 1 year KD	Over 1 year KD	Total KD
ASSETS						
Cash and cash equivalents	5,218,835	732,271	-	5,951,106	-	5,951,106
Term deposits	-	-	172,299	172,299	-	172,299
Instalment credit debtors	-	-	306,914	306,914	833,938	1,140,852
Financial assets at FVTPL	21,292,817	-	5,765,820	27,058,637	-	27,058,637
Accounts receivable and other assets	1,200,149	5,784,728	7,037,627	14,022,504	1,701,013	15,723,517
Properties held for trading	-	-	1,866,235	1,866,235	-	1,866,235
Financial assets at FVTOCI	-	-	-	-	183,040,802	183,040,802
Investment in associates and joint venture	-	-	-	-	141,271,372	141,271,372
Real estates under development	-	-	-	-	1,812,430	1,812,430
Investment properties	-	-	-	-	1,244,025	1,244,025
Assets held for sale	-	954,226	2,862,676	3,816,902	-	3,816,902
Property and equipment	-	-	-	-	1,757,268	1,757,268
Total assets	27,711,801	7,471,225	18,011,571	53,194,597	331,660,848	384,855,445
Liabilities						
Accounts payable and other liabilities	1,684,241	3,124,586	3,533,468	8,342,295	3,595,478	11,937,773
Term loans	-	-	2,996,000	2,996,000	5,000,000	7,996,000
Murabaha payables	-	9,089,728	22,556,555	31,646,283	29,526,250	61,172,533
Provision for employees' end of service benefits	-	-	-	-	2,188,828	2,188,828
Total liabilities	1,684,241	12,214,314	29,086,023	42,984,578	40,310,556	83,295,134

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.4 Liquidity risk (continued)

Maturity profile of assets and liabilities at 31 December 2024:

	Up to 1 month KD	1-3 months KD	3-12 months KD	Sub-total Up to 1 year KD	Over 1 year KD	Total KD
ASSETS						
Cash and cash equivalents	3,810,901	-	-	3,810,901	-	3,810,901
Term deposits	434,311	-	-	434,311	-	434,311
Instalment credit debtors	5,021	32,650	268,080	305,751	452,030	757,781
Financial assets at FVTPL	33,501,151	-	7,531,542	41,032,693	-	41,032,693
Accounts receivable and other assets	953,489	3,200,299	3,355,907	7,509,695	1,931,334	9,441,029
Properties held for trading	-	-	1,911,617	1,911,617	-	1,911,617
Financial assets at fair value through other comprehensive income	-	-	-	-	159,190,513	159,190,513
Investment in associates and joint venture	-	-	-	-	55,213,376	55,213,376
Real estates under development	-	-	-	-	1,589,939	1,589,939
Investment Properties	-	-	-	-	1,302,765	1,302,765
Assets held for sale	-	-	6,594,129	6,594,129	-	6,594,129
Property and equipment	-	-	-	-	1,919,698	1,919,698
Total assets	38,704,873	3,232,949	19,661,275	61,599,097	221,599,655	283,198,752
Liabilities						
Accounts payable and other liabilities	1,329,730	754,725	5,248,573	7,333,028	3,084,906	10,417,934
Term loans	-	-	2,196,000	2,196,000	-	2,196,000
Murabaha payables	-	436,730	21,067,600	21,504,330	19,977,800	41,482,130
Provision for employees' end of service benefits	-	-	-	-	1,892,415	1,892,415
Total liabilities	1,329,730	1,191,455	28,512,173	31,033,358	24,955,121	55,988,479

The contractual maturity profile of the financial liabilities based on undiscounted cash flow is as follows:

	Up to 1 month KD	1-3 months KD	3-12 months KD	Sub-total Up to 1 year KD	Over 1 year KD	Total KD
31 December 2025						
Financial liabilities						
Accounts payable and other liabilities	1,684,241	3,211,638	3,532,896	8,428,775	3,609,189	12,037,964
Term loans	-	-	3,153,290	3,153,290	10,612,500	13,765,790
Murabaha payable	-	9,522,146	23,623,503	33,145,649	30,928,747	64,074,396
Provision for employees' end of service benefits	-	-	-	-	2,188,828	2,188,828
	1,684,241	12,733,784	30,309,689	44,727,714	47,339,264	92,066,978

Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.4 Liquidity risk (continued)

The contractual maturity profile of the financial liabilities based on undiscounted cash flow is as follows:

	Up to 1 month KD	1-3 months KD	3-12 months KD	Sub-total Up to 1 year KD	Over 1 year KD	Total KD
31 December 2024						
Financial liabilities						
Accounts payable and other liabilities	1,329,730	754,737	5,482,729	7,567,196	3,084,906	10,652,102
Term loans	-	-	2,322,270	2,322,270	-	2,322,270
Murabaha payable	-	460,181	22,169,149	22,629,330	21,026,635	43,655,965
Provision for employees' end of service benefits	-	-	-	-	1,892,415	1,892,415
	1,329,730	1,214,918	29,974,148	32,518,796	26,003,956	58,522,752

35 Fair value measurement

35.1 Fair value hierarchy

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.

Financial assets and financial liabilities measured at fair value in the 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).

Notes to the consolidated financial statements (continued)

35 Fair value measurement (continued)

35.2 Fair value measurement of financial instruments

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets:		
At amortized cost:		
Cash and cash equivalents	5,951,106	3,810,901
Term deposits	172,299	434,311
Instalment credit debtors	1,140,852	757,781
Accounts receivable and other assets	15,723,517	9,441,029
Carried at fair value:		
Financial assets at FVTPL	27,058,637	41,032,693
Financial assets at FVTOCI	183,040,802	159,190,513
Total	233,087,213	214,667,228
Financial liabilities:		
Carried at amortized cost:		
Accounts payable and other liabilities	11,937,773	10,417,934
Term loans	7,996,000	2,196,000
Murabaha payable	61,172,533	41,482,130
Provision for employees' end of service benefits	2,188,828	1,892,415
Total	83,295,134	55,988,479

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

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

31 December 2025

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at FVTPL:				
Local quoted shares	490,826	-	-	490,826
Foreign quoted shares	619,247	-	-	619,247
Foreign unquoted shares	-	-	5,765,819	5,765,819
Investments in managed portfolios	17,530,572	-	-	17,530,572
Investment in managed fund	-	2,652,173	-	2,652,173
Financial assets at fair value through other comprehensive income:				
Local quoted shares	77,872,964	-	-	77,872,964
Local unquoted shares	-	-	9,478,151	9,478,151
Foreign quoted shares	1,142,387	-	-	1,142,387
Foreign unquoted shares	-	-	36,986,120	36,986,120
Investments in managed portfolios	52,807,193	-	-	52,807,193
Debit instruments	-	-	4,743,943	4,743,943
Investment funds	-	10,044	-	10,044
	150,463,189	2,662,217	56,974,033	210,099,439

Notes to the consolidated financial statements (continued)

35 Fair value measurement (continued)

35.2 Fair value measurement of financial instruments (continued)

31 December 2024

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
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
Investments in managed portfolios	15,148,051	-	-	15,148,051
Investment in managed fund	-	3,296,358	-	3,296,358
Financial assets at fair value through other comprehensive income:				
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
Investments in managed portfolios	38,701,053	-	-	38,701,053
Debit 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

Financial assets in level 3:

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

The fair value of unquoted investments is determined using valuation techniques. Fair value of the unquoted investments is approximately the summation of the estimated value of underlying investments as if realised at the consolidated statement of financial position date. In determining the fair value of these investments, the investment managers use a variety of methods and make assumptions that are based on the applicable market conditions at each consolidated financial position date. Investment managers also use techniques such as discounted cash flow analysis, recent transaction prices and market multiples to determine the fair value.

For certain other unquoted investments, information is limited to periodic financial reports provided by investment managers. These investments are carried at net asset values reported by the investment managers. Given the nature of those investments, the net asset value reported by the investment managers represents the best estimate of the fair values available for those investments.

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

There were no changes to the valuation techniques during the year.

Notes to the consolidated financial statements (continued)

35 Fair value measurement (continued)

35.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques 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:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Opening balance	71,379,899	63,757,182
Change in fair value	401,063	1,509,973
Additions	2,827,741	9,280,402
Disposals and transfers	(17,634,670)	(3,167,658)
Closing balance	56,974,033	71,379,899

Non-financial assets

Investment properties were fair valued for the impairment assessment at 31 December 2025 as the Group uses the cost model of accounting. Fair value of the properties is disclosed in Note 20.

Description of significant unobservable inputs to valuation of non-financial assets:

Fair value of investment properties were determined using Mark to Market method, conducted by valuers considering transaction prices of the property and similar properties. The significant unobservable valuation input used for the purpose of valuation is the market price per square foot/ meter and varies from property to property. A reasonable change in this input would result in an equivalent amount of change in fair value.

36 Capital risk management

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

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

The capital structure of the Group consists of the following:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Term loans (Note 23)	7,996,000	2,196,000
Murabaha payables (Note 24)	61,172,533	41,482,130
Less:		
Cash and cash equivalents (Note 12.1)	(5,951,106)	(3,810,901)
Term deposits	(172,299)	(434,311)
Net debt	63,045,128	39,432,918
Equity	301,560,311	227,210,273
Net debt to equity ratio	20.91%	17.36%

Notes to the consolidated financial statements (continued)

37 Capital commitments

At the date of the consolidated statement of financial position, the Group had capital commitments of KD 7,306 (31 December 2024: KD29,785) for the investments in managed funds.

38 Subsequent events

Subsequent to the reporting date, geopolitical developments in the Middle East have continued to evolve, resulting in increased uncertainty and potential impacts on economic conditions and financial markets. These events are considered non-adjusting as they do not relate to conditions existing at the reporting date.

The Group holds investments measured using discounted cash flow techniques. These developments may affect future cash flow assumptions and discount rates; however, as at the date of approval of these consolidated financial statements, the financial impact cannot be reliably estimated. The Group continues to monitor the situation.

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