KIB TAKAFUL INSURANCE COMPANY K.S.C. (CLOSED)

FINANCIAL STATEMENTS

31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KIB TAKAFUL INSURANCE COMPANY K.S.C. (CLOSED)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KIB Takaful Insurance Company K.S.C. (Closed) (the "Company"), which comprise the statement of financial position as at 31 December 2024, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KIB TAKAFUL INSURANCE COMPANY K.S.C. (CLOSED) (continued)

Report on the Audit of Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KIB TAKAFUL INSURANCE COMPANY K.S.C. (CLOSED) (continued)

Report on Other Legal and Regulatory Requirements

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

BADER AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

25 March 2025
Kuwait

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	***2024 KD***	*2023 KD*
INCOME			
Net gain from investment securities	3	**333,991**	114,031
Net real estate income	4	**217,920**	146,617
Murabaha and Wakala income	5	**281,206**	306,756
Management fees from policyholders	6	**214,635**	-
Share of results of an associate	12	**109,240**	126,543
Other income		**100,272**	3,542
Total income		**1,257,264**	697,489
EXPENSES AND OTHER CHARGES			
Staff costs		**(43,329)**	(40,858)
General and administrative expenses		**(34,364)**	(28,910)
Allowance for expected credit losses		**(21,970)**	(9,450)
Total expenses and other charges		**(99,663)**	(79,218)
PROFIT BEFORE TAXES		**1,157,601**	618,271
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")	16	**(10,418)**	(5,564)
Zakat	16	**(11,381)**	(5,865)
PROFIT FOR THE YEAR		**1,135,802**	606,842

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	2024	*2023*
	KD	*KD*
PROFIT FOR THE YEAR	**1,135,802**	606,842
Other comprehensive income (loss):		
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:		
Net income (loss) on equity instruments designated at fair value through other comprehensive income	**175,425**	(5,667)
Other comprehensive income (loss) for the year	**175,425**	(5,667)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,311,227**	601,175

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	***2024 KD***	*2023 KD*
ASSETS			
Cash and bank balances	7	**139,718**	117,310
Murabaha investments	8	**6,160,000**	6,460,000
Wakala receivable	8	**294,073**	294,073
Accounts receivable	9	**162,118**	250,479
Financial assets at fair value through profit or loss	10	**3,086,586**	2,836,842
Financial assets at fair value through other comprehensive income	10	**389,750**	214,325
Receivables from a related party	21	**189,516**	193,716
Investment property	11	**2,220,000**	2,110,000
Investment in an associate	12	**3,079,094**	2,969,854
Furniture and equipment	13	**33,506**	36,548
TOTAL ASSETS		**15,754,361**	15,483,147
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	**10,000,000**	10,000,000
Statutory reserve	15	**1,194,390**	1,078,630
Voluntary reserve	15	**1,194,390**	1,078,630
Fair value reserve	15	**9,335**	(166,090)
Retained earnings		**2,489,200**	2,284,918
TOTAL EQUITY		**14,887,315**	14,276,088
LIABILITIES			
Accounts payable and accruals	16	**42,763**	29,282
Due to policyholder's fund	18	**824,283**	1,177,777
TOTAL LIABILITIES		**867,046**	1,207,059
TOTAL EQUITY AND LIABILITIES		**15,754,361**	15,483,147

Saleh Sulaiman Altrad
Vice Chairman

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital KD	*Statutory reserve KD*	*Voluntary reserve KD*	*Fair value reserve KD*	*Retained earnings KD*	*Total equity KD*
As at 1 January 2024	**10,000,000**	**1,078,630**	**1,078,630**	**(166,090)**	**2,284,918**	**14,276,088**
Profit for the year	**-**	**-**	**-**	**-**	**1,135,802**	**1,135,802**
Other comprehensive income for the year	**-**	**-**	**-**	**175,425**	**-**	**175,425**
Total comprehensive income for the year	**-**	**-**	**-**	**175,425**	**1,135,802**	**1,311,227**
Dividends (Note 14)	**-**	**-**	**-**	**-**	**(700,000)**	**(700,000)**
Transfer to reserves (Note 15)	**-**	**115,760**	**115,760**	**-**	**(231,520)**	**-**
At 31 December 2024	**10,000,000**	**1,194,390**	**1,194,390**	**9,335**	**2,489,200**	**14,887,315**
As at 1 January 2023	10,000,000	1,016,803	1,016,803	(160,423)	2,501,730	14,374,913
Profit for the year	-	-	-	-	606,842	606,842
Other comprehensive loss for the year	-	-	-	(5,667)	-	(5,667)
Total comprehensive (loss) income for the year	-	-	-	(5,667)	606,842	601,175
Dividends (Note 14)	-	-	-	-	(700,000)	(700,000)
Transfer to reserves (Note 15)	-	61,827	61,827	-	(123,654)	-
At 31 December 2023	10,000,000	1,078,630	1,078,630	(166,090)	2,284,918	14,276,088

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	*2024* *KD*	*2023* *KD*
OPERATING ACTIVITIES			
Profit for the year		**1,135,802**	606,842
Adjustments to reconcile profit for the year to net cash flows:			
Net investment income	3	**(333,991)**	(114,031)
Valuation gain from an investment property	4	**(110,000)**	(10,000)
Murabaha and Wakala income	5	**(281,206)**	(306,756)
Share of results of an associate	12	**(109,240)**	(126,543)
Allowance for expected credit losses		**21,970**	9,450
Net foreign exchange differences		**(2,155)**	747
Depreciation of furniture and equipment	13	**14,753**	11,077
		335,933	70,786
Working capital changes:			
Accounts receivable		**4,075**	(2,280)
Receivables from a related party		**4,200**	4,200
Accounts payable and accruals		**24,910**	13,493
Due to policyholders' fund		**(353,494)**	101,415
Cash flows from operations		**15,624**	187,614
KFAS paid		**(5,564)**	(5,560)
Zakat paid		**(5,865)**	(6,201)
Net cash flows from operating activities		**4,195**	175,853
INVESTING ACTIVITIES			
Proceeds from liquidation of Murabaha investments		**300,000**	100,000
Proceeds from sale of financial assets at fair value through profit or loss		**20,481**	-
Purchase of financial assets at fair value through profit or loss		**-**	(21,181)
Purchase of furniture and equipment	13	**(11,711)**	(19,309)
Murabaha and Wakala income received		**343,522**	185,386
Dividends income received	3	**65,921**	66,016
Dividend income received from an associate	12	**-**	76,500
Net cash flows from investing activities		**718,213**	387,412
FINANCING ACTIVITY			
Cash dividends paid	14	**(700,000)**	(700,000)
Net cash flows used in financing activity		**(700,000)**	(700,000)
NET INCREASE (DECREASE) IN CASH AND BANK BALANCES		**22,408**	(136,735)
Cash and bank balances at 1 January		**117,310**	254,045
CASH AND BANK BALANCES AT 31 DECEMBER	7	**139,718**	117,310
Non-cash transactions excluded from the statement of cash flows:			
Accounts payable and accruals		**-**	(292,624)
Medical insurance contracts liabilities		**-**	(800,000)
Due to policyholder's fund		**-**	1,092,624
		-	-

The attached notes 1 to 25 form part of these financial statements.

1 CORPORATE INFORMATION

The financial statements of KIB Takaful Insurance Company K.S.C. (Closed) (the "Company") were authorised for issue in accordance with a resolution of the Board of Directors on 25 March 2025, and the shareholders have the power to amend these financial statements at the Annual General Assembly Meeting (AGM).

The financial statements of the Company for the year ended 31 December 2023 were approved by the shareholders at the AGM held on 12 June 2024. Dividends declared and proposed are disclosed in Note 14.

The Company is a closed shareholding company incorporated in Kuwait on 23 February 2004 and is principally engaged in the provision of comprehensive Shariaá compliant insurance services The Company is subject to the supervision of the Insurance Regulatory Unit ("IRU") and is registered with IRU as an insurance company under licence no. IRC/2020/0019.

The Company is a subsidiary of Kuwait International Bank K.S.C.P. (the "Parent Company"), an Islamic bank registered in Kuwait whose shares are listed on Boursa Kuwait.

The principal activities of the Company comprise the following:

- Carry out all types of health insurance and takaful re-insurance activities, related activities including health and medical insurance of all types especially the following:
  - Provide insurance on comprehensive medical services;
  - Provide insurance on the medical assistant services;
  - Provide insurance on ambulance and emergency services;
  - Provide insurance on hospital accommodation, care, and home medical services;
  - Provide insurance on conducting surgery operations, X-rays and other medical examinations;
  - Provide insurance on drug dispensing and all medial requirements.
- Provide life insurance and handle all insurance transactions related to life insurance suitable to achieve and facilitate its objectives;
- Provide insurance and reinsurance or get insurance against all or any risks and provide all types of reinsurance or insurance related business;
- Recruit agents, insurance representatives, and brokers or any other recruitments required for work progress with no prejudice to laws, ministerial resolutions, rules, and related conditions in order to enable the Company to carry out its activities and objectives;
- Provide advisories and expertise as well as conduct technical studies, researches in health insurance industry with no prejudice to laws, ministerial resolutions, rules, and related conditions;
- Arrange, liaise, and sign agreements with governments, municipalities and official or local authorities in order to get rights, privileges, licenses and benefits that may enable the Company to carry out all or part of its objectives;
- Acquire shares in other companies with similar objectives in whole or in part, dispose, transfer, or reissue them with or without guarantee or carry out any activity in the field of health insurance industry that directly benefits the Company;
- Utilise the Company's available excess funds by investing in portfolios managed by specialised entities;
- Owning real estate and moveable properties to conduct its operations within the limits as stipulated by law;
- Use any part of the Company's funds to purchase or cancel or depreciate or discharge any policy or contract or responsibility made by the Company;
- Enter into an ordinary partnership or other arrangement to share in profits or mutual profits or cooperate in the health insurance industry or mutual privileges or others with any person or company that carry on or intends to carry on any activity or transaction authorized to be carried on by the Company, from which it may have a direct or indirect profit as well as guarantee contracts or persons or others with any person or companies having insurance-related business;
- Carry out all transactions and enter into contracts with all legal dispositions as it deems necessary and suitable to achieve and facilitate its objectives on the conditions it selects.

1 CORPORATE INFORMATION (continued)

Takaful is an Islamic alternative to a conventional insurance and investment program, based on the mutual funds concept, where each policyholder will receive his share in the surplus arising from takaful activities, in accordance with the Company's Articles of Association and the approval of the Fatwa and Shariaá Supervisory Board.

The Company conducts business on behalf of the policyholders and advances funds to the policyholders' operations as and when required. The shareholders are responsible for liabilities incurred by policyholders in the event the policyholders' fund is in deficit and the operations are liquidated. The Company holds the physical custody and title of all assets related to the policyholders' operations, however, such assets and liabilities together with the results of policyholders' lines of business are disclosed in the notes.

The Company maintains separate books of accounts for policyholders and shareholders. Income and expenses that are clearly identifiable are recorded in the respective books of accounts. The Fatwa and Shariaá Supervisory Board determines the basis of allocation of common expenses.

All takaful and investment activities are conducted in accordance with Islamic Shariaá, as approved by the Fatwa and Shariaá Supervisory Board.

The registered office of the Company is located at Sharq, Ahmad Al Jaber St, Gravity Tower, P.O. Box 24282 Safat 13103, Kuwait.

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION

2.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, except for investment securities and investment property that have been measured at fair value.

The financial statements are presented in Kuwaiti Dinars ("KD") which is also the functional and presentation currency of the Company.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 1 - *Classification of Liabilities as Current or Non-current* (continued)
In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

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

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

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Amendments to IAS 21 - *Lack of exchangeability*
In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statements.

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

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

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

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

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

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

2.4.1 Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria must also be met before revenue is recognised:

- Income from murabaha and wakala is recognised on a time proportion basis to achieve fixed rate of return on outstanding balances for these transactions.
- Realised gain on sale of investment property is recognised when a sale is consummated, and contracts are signed; and the Company has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property.
- Dividends income is recognised when the Company's right to receive payment is established.
- Rental income arising from operating lease on investment property is accounted for a straight-line basis over the lease term.
- Shareholder's share of insurance surplus is recognised when approved by the Company's Board of Directors.

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

2.4.3 Furniture and equipment
Furniture and equipment are stated at cost less accumulated depreciation and any impairment in value. 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 profit or loss.

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

- Furniture and office equipment 4 years
- Vehicles 4 years
- Computer 4 years

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

An item of furniture and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

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 from items of furniture and equipment.

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

The considerations, made in determining significant influence or joint control, are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate are accounted for using the equity method. Under the equity method, the investment in an associate initially recognised at cost.

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.4 Investment in an associate (continued)
The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in other comprehensive income. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the profit in the associate. The aggregate of the Company's share of results of an associate and is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling profits in the subsidiaries of the associate or joint venture.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of results of an associate' in the statement of profit or loss. Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the profit or loss.

2.4.5 Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying appropriate valuation models.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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

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

2.4.6 Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

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

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the settlement date, i.e., the date that the Company receives or delivers the asset.

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

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

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

The Company's financial assets at amortised cost include cash and short-term deposits, wakala receivables and murabaha investments.

b) Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company's investments do not include any debt instruments at fair value through OCI.

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

c) Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably certain equity investments under this category.

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

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

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

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

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

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

ii) Financial liabilities

Initial recognition and measurement
The Company's financial liabilities include other liabilities.

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

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

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

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

Financial liabilities at amortised cost

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

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

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

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

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.7 Fair value measurement

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

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

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

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

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

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

2.4.8 Employees' end of service benefits

The Company provides end of service benefits to all its employees in accordance with Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

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

2.4.9 Provisions

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

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

2.4.10 Foreign currencies

Transactions in foreign currencies are recognised at the respective functional currency spot rate of exchange at the date of transaction first qualifies for recognition.

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

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

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.11 Dividend distribution

The Company recognises a liability to pay a dividend when the distribution is no longer at the discretion of the Company. As per the company's law, a distribution is authorised when it is approved by the shareholders at the annual general assembly meeting ("AGM"). A corresponding amount is recognised directly in equity.

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

2.4.12 Contingencies

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

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

2.4.13 Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.4.14 Taxation

Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, and transfer to statutory reserve until the reserve reaches 50% of share capital should be excluded from the profit base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2023).

Zakat

Contribution to Zakat is calculated at 1% of the profit for the year attributable to equity holder of the Company before contribution to KFAS and Directors' fees in accordance with the Ministry of Finance resolution No. 58/2007.

2.4.15 Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Company will assess if the information affects the amounts that it recognises in the Company's financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

2.5.1 Significant judgments

In the process of applying the Company's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

Classification of financial assets

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

Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, property held for development, leasehold land or investment property.

The Company classifies property as trading property or leasehold land if it is acquired principally for sale in the ordinary course of business. The Company classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

2.5.2 Estimates and assumptions

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

Valuation of investment properties

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

Investment properties are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Note 11.

Fair value measurement

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

Impairment of financial assets at amortised cost

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For trade receivables and contract assets, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

2 BASIS OF PREPERATION AND MATERIAL ACCOUNTING POLCIES INFORMATION (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

2.5.2 Estimates and assumptions (continued)

Impairment of an associate

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

3 NET GAIN FROM INVESTMENT SECURITIES

	2024 ***KD***	*2023* *KD*
Unrealised gain on financial assets at fair value through profit or loss	**268,070**	48,015
Dividend income	**65,921**	66,016
	333,991	114,031

4 NET REAL ESTATE INCOME

	2024 ***KD***	*2023* *KD*
Rental income	**145,941**	149,828
Direct operating expenses	**(38,021)**	(13,211)
Net rental income	**107,920**	136,617
Valuation gain from an investment property (Note 11)	**110,000**	10,000
	217,920	146,617

5 MURABAHA AND WAKALA INCOME

	2024 ***KD***	*2023* *KD*
Murabaha income	**272,206**	297,756
Wakala income	**9,000**	9,000
	281,206	306,756

6 MANAGEMENT FEES

The management fees is calculated at 30% (2023: 30%) of the policyholders' net surplus from insurance operations based on the approval of Board of Directors and Shariaá Supervisory Board.

7 CASH AND BANK BALANCES

	2024	*2023*
	KD	*KD*
Cash at banks	**93,795**	96,743
Cash held in a managed portfolio	**45,923**	20,567
	139,718	117,310

Cash at banks and cash held in managed portfolio with a carrying value of KD 131,857 (2023: KD 117,310) are placed with related party entities (Note 21).

8 MURABAHA AND WAKALA RECEIVABLES

Murabaha placements

Murabaha investments amounting to KD 6,160,000 (2023: KD 6,460,000) represent murabaha placements with local Islamic banks. These Murabaha placements are denominated in Kuwaiti Dinar with an effective profit rate ranging from 3.875% to 4.5% (2023: 4.13% to 5.92%) per annum.

Murabaha placements amounting to KD 2,360,000 as at 31 December 2024 (2023: KD 2,360,000) are under lien to the Insurance Regulatory Unit (“IRU”) in accordance with Article No. 30 of Law No.125 of 2019 (“Insurance Law”).

Murabaha placements amounting to KD 6,160,000 (2023: KD 4,160,000) are placed with a related party (Note 21).

Wakala receivable

Wakala receivable amounting to KD 294,073 (2023: KD 294,073) is placed with a related party and earn a fixed profit rate of 3% (2023: 3%) per annum (Note 21).

9 ACCOUNTS RECEIVABLE

	2024	*2023*
	KD	*KD*
Outstanding premium receivables	**223,105**	223,105
Less: allowance for expected credit losses	**(223,105)**	(223,105)
	-	-
Accrued income, net	**152,143**	240,504
Refundable deposit	**1,125**	1,125
Other receivables	**8,850**	8,850
	162,118	250,479

The outstanding premium receivables balance is past due for more than twelve months and is fully provided for.

As at 31 December 2024, the Company has accrued income of KD 207,302 (2023: KD 273,693) which is net of allowance for expected credit losses of KD 55,159 (2023: KD 33,189).

10 INVESTMENT SECURITIES

	2024	*2023*
	KD	*KD*
Financial assets at fair value through other comprehensive income		
Unquoted equity securities	**389,750**	214,325
Financial assets at fair value through profit or loss		
Quoted shares	**1,410,169**	1,273,642
Unquoted shares	**820**	820
Quoted sukuk	**1,675,597**	1,562,380
	3,086,586	2,836,842

Unquoted equity securities designated at fair value through other comprehensive income include an investment in a related party entity with a carrying value of KD 366,567 (2023: KD 187,431) (Note 21).

Financial assets at fair value through profit or loss amounting to KD 3,036,521 (2023: KD 2,782,892) are managed by a related party (Note 21). The fair value hierarchy disclosures for financial instruments are presented in (Note 25).

11 INVESTMENT PROPERTY

The fair value of the investment property is determined based on valuations carried out by two independent registered real estate appraisers who are specialised in valuing these types of properties in which one of these valuers is a local bank. The valuers used the income capitalisation method to value the investment property. The unit fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate.

For valuation purpose, the Company has selected the lower of these two valuations. Based on these valuations, there was a change in the fair value of investment property compared to its carrying value as at 31 December 2024 amounted to KD 110,000 (2023: KD 10,000) (Note 4).

Fair value hierarchy

	2024	*2023*
	KD	*KD*
Significant unobservable inputs (Level 3 “income capitalisation approach”)	**2,220,000**	2,110,000

A quantitative sensitivity analysis is, as shown below:
The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties.

	2024	*2023*
Average yield rate	**6.6%**	7.1%
Occupancy rate	**93%**	92%

	Changes in valuation assumptions	*Impact on profit or loss*	
		2024	*2023*
		KD	*KD*
Average yield rate	± 5%	**111,000**	100,476
Occupancy rate	± 5%	**103,230**	105,500

12 INVESTMENT IN AN ASSOCIATE

The Company has a 25.5% interest in Partners Properties Company W.L.L., a limited liability company incorporated and domiciled in Kuwait and principally engaged in real estate activities. The associate is a private entity that is not listed on any public exchange. The Company's interest in the associate is accounted for using the equity method in the financial statements.

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

	2024	*2023*
	KD	*KD*
As at 1 January	**2,969,854**	2,919,811
Share of profit	**109,240**	126,543
Dividend distribution	**-**	(76,500)
As at 31 December	**3,079,094**	2,969,854

The following table illustrates the summarised financial information of the Company's investment in the associate:

	2024	*2023*
	KD	*KD*
Summarised statement of financial position		
Current assets	**728,925**	584,745
Non-current asset	**11,500,000**	11,400,000
Current liabilities	**(154,046)**	(338,257)
Equity	**12,074,879**	11,646,488
Company's share in equity %	**25.5%**	25.5%
Company's carrying amount of the investment	**3,079,094**	2,969,854

	2024	*2023*
	KD	*KD*
Summarised statement of profit or loss		
Revenues	**759,274**	653,153
Expenses	**(330,881)**	(156,905)
Profit for the year	**428,393**	496,248
Company's share of profit for the year	**109,240**	126,543

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

13 FURNITURE AND EQUIPMENT

	Furniture and office equipment KD	*Computers KD*	*Motor vehicles KD*	*Total KD*
Cost:				
At 1 January 2023	37,949	53,096	5,350	96,395
Additions	13,931	5,378	-	19,309
At 31 December 2023	51,880	58,474	5,350	115,704
Additions	6,269	5,442	-	11,711
At 31 December 2024	**58,149**	**63,916**	**5,350**	**127,415**
Depreciation				
At 1 January 2023	36,095	26,634	5,350	68,079
Depreciation charge for the year	3,114	7,963	-	11,077
At 31 December 2023	39,209	34,597	5,350	79,156
Depreciation charge for the year	4,532	10,221	-	14,753
At 31 December 2024	**43,741**	**44,818**	**5,350**	**93,909**
Net book value:				
At 31 December 2023	12,671	23,877	-	36,548
At 31 December 2024	**14,408**	**19,098**	**-**	**33,506**

Depreciation charge for the year is included under general and administrative expenses in the statement of profit or loss.

14 SHARE CAPITAL AND DISTRIBUTIONS MADE AND PROPOSED

14.1 Share capital

	Number of shares		*Authorised, issued and fully paid*	
	2024 shares	*2023 shares*	***2024 KD***	*2023 KD*
Shares of 100 fils each (paid in cash)	**100,000,000**	100,000,000	**10,000,000**	10,000,000

14.2 Distributions made and proposed

	2024 KD	*2023 KD*
Cash dividends on ordinary shares declared and paid:		
Final cash dividend for 2024: 7 fils per share (2023: 7 fils per share)	**700,000**	700,000
Proposed cash dividends on ordinary shares:		
Proposed cash dividend for the 2024: 7 fils per share (2023: 7 fils per share)	**700,000**	700,000

Proposed cash dividends on ordinary shares for 31 December 2024 are subject to the approval of the shareholders at the Annual General Assembly (AGM) and are not recognised as a liability as at 31 December 2024.

The AGM of Company’s shareholders which was held on 12 June 2024 and approved the proposed cash dividends distribution for the year ended 31 December 2023.

The AGM of Company’s shareholders which was held on 28 March 2023 and approved the proposed cash dividends distribution for the year ended 31 December 2022.

15 RESERVES

15.1 Statutory reserve

In accordance with the Companies' Law, and the Company's Memorandum of Incorporation, a minimum of 10% of the profit for the year before contribution to KFAS and Zakat shall be transferred to the statutory reserve. The annual general assembly of the Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice unless such reserve exceeds 50% of the issued share capital.

15.2 Voluntary reserve

In accordance with the Company's Articles of Association, a maximum of 10% of the profit for the year before contribution to KFAs and zakat is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

15.3 Fair value reserve

The Company recognise changes in the fair value of equity securities designated at fair value through other comprehensive income in OCI, as disclosed in Note 10. These changes are accumulated within the fair value reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

16 ACCOUNTS PAYABLE AND ACCRUALS

	2024	*2023*
	KD	*KD*
Accrued expenses	**3,670**	3,252
KFAS payable	**10,418**	5,564
Zakat payable	**11,381**	5,865
Other payables	**17,294**	14,601
	42,763	29,282

17 MEDICAL INSURANCE CONTRACTS LIABILILITIES

In July 2006, Kuwait's Ministry of Health suspended the governmental health insurance operations provided by private insurance companies and filed a claim against the Company to recover the cost of treatment provided under the scheme.

On 25 December 2016, an unfavourable judgement was handed down by the Court of First Instance against the Company to settle an amount of KD 2,937,736 plus 7% annual interest starting from the claims' due date.

On 24 June 2019, the Court of Appeal annulled the ruling of the Court of First Instance on the basis that the case was not filed by the Ministry of Health in accordance with the Kuwaiti law requirements. Subsequently, the Ministry of Health appealed to the Court of Cassation against the verdict.

On 21 June 2023, the Court of Cassation issued a verdict in favour of the Ministry of Health supporting the First Instance ruling, obligating the Company to settle an amount of KD 2,937,736 to the Ministry of Health in addition to the related legal expenses. As a result, the Company recorded the total claim amount of KD 2,937,736 in the policyholders' statement of profit or loss and statement of assets, liabilities and fund during the year ended 31 December 2023.

On 12 September 2024, the claim amount was paid in full by the Company at the Ministry of Justice.

18 POLICYHOLDERS' TAKAFUL OPERATIONS

18.1 POLICY HOLDERS SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

INSURANCE AND REINSURANCE CONTRACTS

Definition and classification
Insurance contracts are contracts under which the Company (the issuer) accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Reinsurance contracts are insurance contracts issued by the reinsurer compensate another entity for claiming arising from one or more insurance contracts issued by the that other entity (underlying insurance contracts).

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Company engaged in the following products:

- non-life insurance to individuals and businesses. Non-life insurance products offered include but not limited to, property, marine, and personal accident. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.
- annuity contracts and term life contracts with a surrender value.

The Company issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

Separating components from insurance and reinsurance contracts
The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

Level of Aggregation
IFRS 17 requires the Company to determine the level of aggregation for applying its requirements.

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into two groups, as follows:

- any contracts that are onerous on initial recognition;
- any remaining contracts in the portfolio.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

18 POLICYHOLDERS' TAKAFUL OPERATIONS (continued)

18.1 POLICY HOLDERS SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INSURANCE AND REINSURANCE CONTRACTS (continued)

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage year of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage year of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage year of the group of reinsurance contracts held, and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting year in which that contract meets one of the criteria set out above.

Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting year in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the policy and, as a result, can set a price or level of benefits that fully reflects those risks.

Or both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to years after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Insurance contracts- Initial and subsequent measurement

Initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage year of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary. Or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

18 POLICYHOLDERS' TAKAFUL OPERATIONS (continued)

18.1 POLICY HOLDERS SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INSURANCE AND REINSURANCE CONTRACTS (continued)

Insurance contracts- Initial and subsequent measurement (continued)

Initial measurement (continued)
For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Subsequent measurement
The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting year as the liability for remaining coverage at the beginning of the year:

- Plus premiums received in the year
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting year for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the year
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage year, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

Reinsurance contracts - Initial and subsequent measurement

Initial measurement
The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

18 POLICYHOLDERS' TAKAFUL OPERATIONS (continued)

18.1 POLICY HOLDERS SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INSURANCE AND REINSURANCE CONTRACTS (continued)

Reinsurance contracts - Initial and subsequent measurement (continued)

Initial measurement (continued)
The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Subsequent measurement
The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance acquisition cash flows
Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. All acquisition costs are to be deferred. The Company uses a systematic and rational method to allocate:

(a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
- to that group; and
- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

Insurance revenue
The insurance revenue for the year is the amount of expected premium receipts (excluding any investment component) allocated to the year. The Company allocates the expected premium receipts to each year of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage year differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses. The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the years presented, all revenue has been recognised on the basis of the passage of time.

18 POLICYHOLDERS' TAKAFUL OPERATIONS (continued)

18.1 POLICY HOLDERS SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INSURANCE AND REINSURANCE CONTRACTS (continued)

Insurance finance income and expense
Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company allocate insurance finance income or expenses on insurance contracts issued to statement of profit or loss. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in P&L in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities.

Net income or expense from reinsurance contracts held
The Company presents separately on the face of the statement of profit or loss, the amounts expected to be recovered from reinsurers, net of allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss.

18.2 POLICYHOLDER SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Insurance and reinsurance contracts

PAA Eligibility Assessment
The Company has calculated a Liability for remaining coverage (LRC) and Asset for remaining coverage (ARC) for those groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year. This testing has been performed on following insurance and corresponding reinsurance contracts:

- Non-life
- Life and medical insurance
- Reinsurance operations

After calculating the liabilities/assets applying PAA, the Company then checks for any material differences for the contracts with coverage period of more than one year. In case the Company notes any material differences, it follows the GMM approach, and where there is no material difference, the Company has opted for PAA approach. The calculation was performed under both simplified approaches i.e., Premium Allocation Approach (PAA) and General Measurement Model (GMM).

Situations, which may cause the LRC and / or ARC under the PAA to differ from the LRC and / or ARC under the GMM:

- When the expectation of the profitability for the remaining coverage changes at a particular valuation date during the coverage period of a group of contracts;
- If yield curves change significantly from those in place at the Company's initial recognition;
- When the incidence of claims occurrence differs from the coverage units; and
- The effect of discounting under the GMM creates an inherent difference, this difference compounds over longer contract durations.

18 POLICYHOLDERS' TAKAFUL OPERATIONS (continued)

18.2 POLICYHOLDER SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Insurance and reinsurance contracts (continued)

PAA Eligibility Assessment (continued)
Upon analysis of the possible differences between LRC and / or ARC applying the PAA and GMM approach, respectively, the Company noted no material differences for contracts with coverage period of more than one year.

Hence, the Company reported all contracts using the PAA approach maintaining a consistent accounting treatment to the rest of the portfolio of insurance contracts issued and reinsurance contracts held that have a coverage period of up to one year. The Company assesses materiality at each respective group of contracts level and at an aggregate insurance contract liabilities / re-insurance contract assets level using pre-determined quantitative threshold for differences at the group of contracts.

Liability for remaining coverage
Acquisition cash flows
For insurance acquisition cash flows, the Company is eligible and chooses to recognize the payments as an expense immediately (coverage period of a year or less). However, the Company has opted to capitalize the insurance acquisition cash flows.

The effect of recognizing insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period.

Significant financing component
The Company has assessed its Liability for Remaining Coverage (LRC) and Assets for remaining coverage (ARC) and concluded that no significant financing component exists within LRC and ARC respectively. Therefore, the Company has not adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

Expected premium receipts adjustment
Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as of the date of the statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded in the LRC.

Liability for incurred claims
The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

18 POLICYHOLDERS' TAKAFUL OPERATIONS (continued)

18.2 POLICYHOLDER SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Insurance and reinsurance contracts (continued)

Liability for incurred claims (continued)
Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Onerousity determination
For contracts measured under PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

- Pricing information: Underwriting combined ratios and price adequacy ratios.
- Historical combined ratio of similar and comparable sets of contracts.
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Company also relies on the same group of contracts' weighted actual emerging experience.

Expense attribution
The Company identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling /maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the statement of profit or loss when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Company has determined costs directly identified to the groups of contracts, as well as costs where a judgement is applied to determine the share of expenses as applicable to that group. On the other hand, non-directly attributable expenses and overheads are recognized in profit or loss immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

Estimates of future cash flows
The Company primarily uses deterministic projections to estimate the present value of future cash flows and for some groups it uses stochastic modelling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard time-series techniques.

Risk adjustments
IFRS 17 requires to measure insurance contracts at initial recognition as the sum of the following items

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate discounting structure
- Risk Adjustment (RA) for non-financial risk

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

18 POLICYHOLDERS' TAKAFUL OPERATIONS (continued)

18.2 POLICYHOLDER SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Risk adjustments (continued)

Derivation of the risk adjustment
The Company has determined that the derivation of the risk adjustment shall be performed at the operating group level using an appropriate methodology that is in line with IFRS 17 guidelines.

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated based the quantile approach performed on Company's triangles with consideration to market benchmarks.

The Company will set confidence level on a diversified basis. The Company applies judgment to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance contracts to determine the desired Risk Adjustment.

Sensitivities on major assumptions considered while applying IFRS 17
The sensitivity analysis is done to evaluate the impact on gross and net liabilities, profit / loss before tax and equity for reasonably possible movements in key assumptions. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are nonlinear. The sensitivity analysis performed during the year and has been presented under Note 23.3.

Discount rates
The Company adopt a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves– taking consideration for the currency characteristics of the contracts and their respective cashflows. The risk-free reference curve will be the US Treasury Curve, and the relevant country specific credit risk premium will be loaded as required.

The bottom-up approach was used to derive the discount rate for the cash flows that do not vary based on the returns on underlying items in the Participating contracts. Under this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). The risk-free yield was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with AAA credit rating were used. Management uses judgement to assess liquidity characteristics of the liability cash flows.

18 POLICYHOLDERS’ TAKAFUL OPERATIONS (continued)

18.3 POLICYHOLDERS’ RESULT

Policyholders’ Statement of profit or loss:

		31 December	
		2024	*2023*
	Notes	***KD***	*KD*
Revenue:			
Takaful insurance revenue	19	**5,193,876**	5,528,977
Takaful insurance service expenses	19	**(2,656,992)**	(4,899,575)
Takaful insurance service result before takaful reinsurance contracts held	19	**2,536,884**	629,402
Amounts recoverable from reinsurers for incurred claims	20	**1,706,887**	1,087,825
Allocation of reinsurance premiums	20	**(2,668,758)**	(2,175,719)
Net expense from takaful reinsurance contracts held	20	**(961,871)**	(1,087,894)
Takaful insurance service result		**1,575,013**	(458,492)
Finance expenses from takaful insurance contracts issued	19	**(99,185)**	(99,024)
Finance income from takaful reinsurance contracts held	20	**66,822**	48,615
Net takaful insurance financial result		**1,542,650**	(508,901)
Other income		**205,132**	236,842
Other operating expenses		**(945,456)**	(419,655)
SURPLUS (DIFICIT) FOR THE YEAR		**802,326**	(691,714)

18 POLICYHOLDERS' TAKAFUL OPERATIONS (continued)

18.3 POLICYHOLDERS' RESULT (continued)

Policyholders' assets, liabilities and fund:

	Notes	***31 December 2024 KD***	*31 December 2023 KD*
ASSETS			
Cash and bank balances		**250,018**	448,606
Investment deposits		**2,732,500**	5,032,500
Takaful insurance contract assets	19	**-**	538,500
Takaful reinsurance contract assets	20	**-**	2,113,113
Due from shareholders	21	**824,283**	1,177,777
Other assets		**356,422**	206,231
TOTAL ASSETS		**4,163,223**	9,516,727
LIABILITIES			
Takaful insurance contract liabilities	19	**1,897,225**	6,218,542
Takaful reinsurance contract liabilities	20	**16,659**	611,092
Other liabilities		**1,081,927**	2,322,007
TOTAL LIABILITIES		**2,995,811**	9,151,641
POLICYHOLDER'S FUND			
Accumulated surplus from insurance operations		**1,167,412**	365,086
Total Policyholder's fund		**1,167,412**	365,086
TOTAL LIABILITIES AND POLICYHOLDER'S SURPLUS		**4,163,223**	9,516,727

(a) Savings and current accounts amounting to KD 210,453 (2023: KD 444,567) are placed with related parties (Note 21).

(b) Certain investment deposits with carrying amount of KD 2,050,000 (2023: KD 2,050,000) are placed with related parties with an average profit rate ranging from 3.875% to 4.5% (2023: 4.25% to 4.625%) per annum (Note 21).

ACCUMULATED SURPLUS FROM TAKAFUL INSURANCE OPERATION

	2024 KD	*2023 KD*
As at 1 January	**365,086**	1,056,800
Net surplus from takaful insurance operations for the year	**802,326**	(691,714)
Balance as at the end of the year	**1,167,412**	365,086

19 TAKAFUL INSURANCE CONTRACT ASSETS/ LIABILITIES

31 December 2024	*Liability for Remaining Coverage (LRC)* Excluding loss component KD	*Liability for Remaining Coverage (LRC)* Loss component KD	*Liability for Incurred Claims* Estimates of the present value of future cash flows KD	*Liability for Incurred Claims* Risk adjustment KD	***Total KD***
Insurance contracts liability at 31 December 2023	**695,099**	**384,809**	**5,019,582**	**119,052**	**6,218,542**
Insurance contracts asset at 31 December 2023	**(538,500)**	-	-	-	**(538,500)**
Net insurance contracts liability at beginning of year	**156,599**	**384,809**	**5,019,582**	**119,052**	**5,680,042**
Insurance revenue	**(5,193,876)**	-	-	-	**(5,193,876)**
Insurance service expense					
Incurred claims	**367,875**	-	**3,245,892**	**45,780**	**3,659,547**
Changes that relate to past service-Changes in FCF relating to LIC	-	-	**(605,402)**	**(12,344)**	**(617,746)**
Losses on onerous contracts and reversal of those losses	-	**(384,809)**	-	-	**(384,809)**
Insurance service expenses	**367,875**	**(384,809)**	**2,640,490**	**33,436**	**2,656,992**
Insurance service result	**(4,826,001)**	**(384,809)**	**2,640,490**	**33,436**	**(2,536,884)**
Finance expense from insurance contracts	-	-	**95,071**	**4,114**	**99,185**
Total amounts recognised in in profit and loss	**(4,826,001)**	**(384,809)**	**2,735,561**	**37,550**	**(2,437,699)**
Cash flows:					
Premium received	**4,200,189**	-	-	-	**4,200,189**
Claims and other directly attributable expenses paid	-	-	**(5,177,432)**	-	**(5,177,432)**
Insurance acquisition cash flows paid	**(367,875)**	-	-	-	**(367,875)**
Total cash flows	**3,832,314**	-	**(5,177,432)**	-	**(1,345,118)**
Net insurance contracts liability at 31 December 2024	**(837,088)**	-	**2,577,711**	**156,602**	**1,897,225**
Insurance contracts liability at 31 December 2024	**(837,088)**	-	**2,577,711**	**156,602**	**1,897,225**
Insurance contracts asset at 31 December 2024	-	-	-	-	-
Net insurance contracts liability at 31 December 2024	**(837,088)**	-	**2,577,711**	**156,602**	**1,897,225**

19 TAKAFUL INSURANCE CONTRACT ASSETS/ LIABILITIES (continued)

	Liability for Remaining Coverage (LRC)		*Liability for Incurred Claims*		
31 December 2023	*Excluding loss component KD*	*Loss component KD*	*Estimates of the present value of future cash flows KD*	*Risk Adjustment KD*	*Total KD*
Insurance contracts liability at 31 December 2022	1,278,083	641,493	3,401,808	70,310	5,391,694
Insurance contracts asset at 31 December 2022	(1,303,397)	-	-	-	(1,303,397)
Net insurance contracts (asset) liability at beginning of year	(25,314)	641,493	3,401,808	70,310	4,088,297
Insurance revenue	(5,528,977)	-	-	-	(5,528,977)
Insurance service expense					
Incurred claims	216,799	-	5,862,519	56,992	6,136,310
Changes that relate to past service-Changes in FCF relating to LIC	-	-	(969,764)	(10,287)	(980,051)
Losses on onerous contracts and reversal of those losses	-	(256,684)	-	-	(256,684)
Insurance service expenses	216,799	(256,684)	4,892,755	46,705	4,899,575
Insurance service result	(5,312,178)	(256,684)	4,892,755	46,705	(629,402)
Finance expense from insurance contracts	-	-	96,987	2,037	99,024
Total amounts recognised in in profit and loss	(5,312,178)	(256,684)	4,989,742	48,742	(530,378)
Cash flows:					
Premium received	5,710,890	-	-	-	5,710,890
Claims and other directly attributable expenses paid	-	-	(3,371,968)	-	(3,371,968)
Insurance acquisition cash flows paid	(216,799)	-	-	-	(216,799)
Total cash flows	5,494,091	-	(3,371,968)	-	2,122,123
Net insurance contracts liability at 31 December 2023	156,599	384,809	5,019,582	119,052	5,680,042
Insurance contracts liability at 31 December 2023	695,099	384,809	5,019,582	119,052	6,218,542
Insurance contracts asset at 31 December 2023	(538,500)	-	-	-	(538,500)
Net insurance contracts liability at 31 December 2023	156,599	384,809	5,019,582	119,052	5,680,042

20 TAKAFUL REINSURANCE CONTRACT ASSETS/ LIABILITIES

31 December 2024	*Assets for remaining coverage (ARC)*		*Assets for amounts recoverable on incurred claims (AIC)*		
	Excluding loss-recovery component KD	*Loss-recovery component KD*	*Estimates of the present value of future cash flows KD*	*Risk adjustment for non-financial risk KD*	*Total KD*
Reinsurance contracts liability at 31 December 2023	**(611,092)**	**-**	**-**	**-**	**(611,092)**
Reinsurance contracts asset at 31 December 2023	**574,448**	**1,492**	**1,493,641**	**43,532**	**2,113,113**
Reinsurance contracts (liability) asset at beginning of year	**(36,644)**	**1,492**	**1,493,641**	**43,532**	**1,502,021**
Changes in the statement of income					
Allocation of reinsurance premiums	**(2,667,266)**	**(1,492)**	**-**	**-**	**(2,668,758)**
Claims recovered	**498,512**	**-**	**1,296,115**	**-**	**1,794,627**
Changes that relate to past service - adjustments to incurred claims recovery	**-**	**-**	**(109,961)**	**-**	**(109,961)**
Effect of changes in risk of non-performance by issuer of reinsurance contracts held	**-**	**-**	**-**	**22,221**	**22,221**
Total amounts recoverable from reinsurers	**498,512**	**-**	**1,186,154**	**22,221**	**1,706,887**
Net (expense) income from reinsurance contracts held	**(2,168,754)**	**(1,492)**	**1,186,154**	**22,221**	**(961,871)**
Finance income from reinsurance contracts held	**-**	**-**	**64,387**	**2,435**	**66,822**
Total changes in the statement of income	**(2,168,754)**	**(1,492)**	**1,250,541**	**24,656**	**(895,049)**
Cash Flows:					
Premiums paid	**1,346,583**	**-**	**-**	**-**	**1,346,583**
Recoveries from reinsurance	**(498,512)**	**-**	**(1,471,702)**	**-**	**(1,970,214)**
Total cash flows	**848,071**	**-**	**(1,471,702)**	**-**	**(623,631)**
Reinsurance contracts (liability) asset at 31 December 2024	**(1,357,327)**	**-**	**1,272,480**	**68,188**	**(16,659)**
Reinsurance contracts liability at 31 December 2024	**(1,357,327)**	**-**	**1,272,480**	**68,188**	**(16,659)**
Reinsurance contracts asset at 31 December 2024	**-**	**-**	**-**	**-**	**-**
Reinsurance contracts (liability) asset at 31 December 2024	**(1,357,327)**	**-**	**1,272,480**	**68,188**	**(16,659)**

20 TAKAFUL REINSURANCE CONTRACT ASSETS/ LIABILITIES (continued)

31 December 2023	*Assets for remaining coverage (ARC)*		*Assets for amounts recoverable on incurred claims (AIC)*		
	Excluding loss-recovery component KD	*Loss-recovery component KD*	*Estimates of the present value of future cash flows KD*	*Risk adjustment for non-financial risk KD*	*Total KD*
Reinsurance contracts liability at 31 December 2022	(628,487)	-	-	-	(628,487)
Reinsurance contracts asset at 31 December 2022	432,793	16,100	1,589,566	30,128	2,068,587
Reinsurance contracts (liability) asset at beginning of year	(195,694)	16,100	1,589,566	30,128	1,440,100
Changes in the statement of income					
Allocation of reinsurance premiums	(2,161,111)	(14,608)	-	-	(2,175,719)
Claims recovered	-	-	1,218,941	-	1,218,941
Changes that relate to past service - adjustments to incurred claims recovery	-	-	(143,650)	-	(143,650)
Effect of changes in risk of non-performance by issuer of reinsurance contracts held	-	-	-	12,534	12,534
Total amounts recoverable from reinsurers	-	-	1,075,291	12,534	1,087,825
Net (expense) income from reinsurance contracts held	(2,161,111)	(14,608)	1,075,291	12,534	(1,087,894)
Finance income from reinsurance contracts held	-	-	47,745	870	48,615
Total changes in the statement of income	(2,161,111)	(14,608)	1,123,036	13,404	(1,039,279)
Cash Flows:					
Premiums paid	2,320,161	-	-	-	2,320,161
Recoveries from reinsurance	-	-	(1,218,961)	-	(1,218,961)
Total cash flows	2,320,161	-	(1,218,961)	-	1,101,200
Reinsurance contracts (liability) asset at 31 December 2023	(36,644)	1,492	1,493,641	43,532	1,502,021
Reinsurance contracts liability at 31 December 2023	(611,092)	-	-	-	(611,092)
Reinsurance contracts asset at 31 December 2023	574,448	1,492	1,493,641	43,532	2,113,113
Reinsurance contracts (liability) asset at 31 December 2023	(36,644)	1,492	1,493,641	43,532	1,502,021

21 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, in the ordinary course of business i.e., Parent Company, associate, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions and balances with related parties included in the financial statements are as follows:

	Parent Company KD	*Entities under common control KD*	***2024 KD***	*2023 KD*
Shareholders				
Statement of profit or loss				
Murabaha and wakala income	244,281	9,000	**253,281**	170,275
Rent expenses (included under general and administrative expenses)	-	6,769	**6,769**	7,015
Management fees from policyholders (included under general and administrative expenses)	-	5,092	**5,092**	4,489
Statement of financial position				
Cash and bank balances (Note 7)	85,934	45,923	**131,857**	117,310
Murabaha investments (Note 8)	6,160,000	-	**6,160,000**	4,160,000
Wakala receivable (Note 8)	-	294,073	**294,073**	294,073
Accounts receivable	93,973	48,205	**142,178**	82,849
Financial assets at fair value through other comprehensive income (Note 10)	-	366,567	**366,567**	187,431
Financial assets at fair value through profit or loss* (Note 10)	-	3,036,521	**3,036,521**	2,782,892
Receivables from a related party	-	189,516	**189,516**	193,716
Policyholders				
Statement of profit or loss				
Gross premiums written	3,536,807	89,394	**3,626,201**	3,597,585
Claims paid	1,715,129	5,713	**1,720,842**	1,090,027
Reinsurance commission earned	201,891	6,036	**207,927**	191,093
Other income	194,294	-	**194,294**	82,130
Rent expenses (included under general and administrative expenses)	-	127,668	**127,668**	129,083
Statement of financial position				
Cash and bank balances (Note 18)	210,453	-	**210,453**	444,567
Investment deposits	2,050,000	-	**2,050,000**	2,050,000

* Financial assets at fair value through profit or loss represent a portfolio managed by a related party.

Compensation of key management personnel

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

	2024 KD	*2023 KD*
Short-term benefits	**65,132**	61,998
End of service benefits	**5,102**	4,817
	70,234	66,815

22 CONTINGENCIES

As at 31 December 2024, the Company did not have any contingent liabilities (2023: KD 25,000 in respect of bank guarantees obtained from a related party bank in the ordinary course of business from which it is anticipated that no material liabilities will arise).

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's risk and financial management framework is to protect the Company's shareholders from events hindering the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place. Risk management also protects policyholders fund by ensuring that all liabilities are fulfilled in duly matters.

23.1 Governance framework

The Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives including failing to exploit opportunities. Risk management also protects policyholders' funds by ensuring that all liabilities toward the policyholders are fulfilled in duly matters. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company is responsible for monitoring the compliance of the Company with the risk management function with clear terms of reference from the Board of Directors and the associated executive management committees. This will supplement with a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers.

23.2 Regulatory Framework

Law No. 125 of 2019, and its Executive by law, and the rules, Decisions, Circulars and regulations issued by the Insurance Regulatory Unit (IRU) provide the regulatory framework for the insurance industry in Kuwait will be effective, which state that all insurance companies operating in Kuwait are required to follow these rules and regulations.

The following are the key regulations governing the operation of the Company:

- For the life Insurance Companies KD 500,000 fixed deposit under the ministerial name to be retained in Kuwait.
- For the Non-life Insurance Companies KD 500,000 fixed deposit under the ministerial name to be retained in Kuwait.
- For the Life and Non-life Insurance Companies KD 1,000,000 fixed deposit under the ministerial name to be retained in Kuwait.

In addition, all insurance companies to maintain a provision of 20% from the gross premiums written after excluding the reinsurance share.

The Company's Governance, compliance and risk management functions are responsible for monitoring compliance with the all applicable regulations in the state of Kuwait and has delegated authorities and responsibilities from the board of directors to ensure that the Company is fully complied with the regulations.

23.3 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, prudent claims management practices as well as the use of reinsurance arrangements.

The majority of insurance business ceded is placed on a quota share basis with retention limits varying by product line and territory.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.3 Insurance risk (continued)

The Company principally issues the following types of general insurance contracts: marine, general accident and fire. Risks under non-life insurance policies usually cover twelve-month duration.

For general insurance contracts the most significant risks arise from climate changes, natural disasters and terrorist activities which are only covered in fire line of business.

Insurance contracts at times also cover risk for single incidents that expose the Company to multiple insurance risks. The Company has adequately reinsured for insurance risk that may involve significant litigation.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (i.e. fire line of business). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a pre-determined maximum amount based on the Company's risk appetite as decided by management.

For life insurance the main risks are claims for death or permanent disability.

The reinsuring strategy for the life of business is to ensure that policies are well diversified in terms of type of risk and level of insured benefit. This is achieved through the terms of the policies with the insurer to cover the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history.

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence; changes in market factors such as public attitude to claiming; economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. Furthermore, because of delays that arises between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claims provisions are not known with certainty at the end of the reporting period. Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent period.

Sensitivities on major assumptions considered while applying IFRS 17

The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss before tax and equity for reasonably possible movements in key assumptions with all other assumptions in notes 2 and 3 held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.3 Insurance risk (continued)

Sensitivities on major assumptions considered while applying IFRS 17 (continued)
The method used for deriving sensitivity information and significant assumptions did not change from the previous year. Following are the sensitivities derived for the portfolios computed under PAA approach before and after risk mitigation by reinsurance contracts held:

	2024		*2023*	
	LIC as at 31 December KD	***Impact on LIC KD***	*LIC as at 31 December KD*	*Impact on LIC KD*
Insurance contract liabilities	**1,897,225**		6,218,542	
Reinsurance contract assets	**16,659**		611,092	
Net insurance contract liabilities	**1,913,884**		6,829,634	
Best estimate reserves ± 1%				
Insurance contract liabilities		**18,972**		50,196
Reinsurance contract assets		**833**		(14,937)
Net insurance contract liabilities		**19,805**		35,259
Risk adjustment ± 1%				
Insurance contract liabilities		**1,566**		1,191
Reinsurance contract assets		**682**		(436)
Net insurance contract liabilities		**2,248**		755
Yield curve ± 1%				
Insurance contract liabilities		**(62,715)**		(90,749)
Reinsurance contract assets		**34,322**		52,227
Net insurance contract liabilities		**(28,393)**		(38,522)

23.4 Credit risk
Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial assets subject to credit risk in the shareholders' statement of financial position consist principally of bank balances, investment deposits, amounts due from related parties and other receivables. Financial assets subject to credit risk in the policyholders' statement of financial position consist principally of bank balances, investment deposits, due from shareholders and other assets.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The management of the Company credit risk has policy setting out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Board of Directors. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits. The management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The management of the Company sets the maximum amounts and limits that may be advanced to corporate counterparties by assessment of respective individual cases.
- The credit risk in respect of customer balances, incurred on non-payment of contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.
- Net exposure limits are set for each counterparty or group of counterparties and industry segment (i.e. limits are set for investments and cash deposits and minimum credit ratings for investments that may be held).

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.4 Credit risk (continued)

The tables below show the maximum exposure to credit risk for the components of the statement of financial position:

	2024	*2023*
	KD	*KD*
Shareholders		
Cash and bank balances	**139,718**	117,310
Murabaha investments	**6,160,000**	6,460,000
Wakala receivable	**294,073**	294,073
Accounts receivable	**162,118**	250,479
Receivables from a related party	**189,516**	193,716
Total credit risk exposure	**6,945,425**	7,315,578

	2024	*2023*
	KD	*KD*
Policyholders		
Cash and bank balances	**250,018**	448,606
Investment deposits	**2,732,500**	5,032,500
Due from shareholders	**824,283**	1,177,777
Other assets	**356,422**	206,231
Total credit risk exposure	**4,163,223**	6,865,114

Credit exposure by credit rating

The tables below provide information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties:

		Neither past due nor impaired	
	High grade	***Standard grade***	***Total***
2024	***KD***	***KD***	***KD***
Shareholders			
Cash and bank balances	**139,718**	-	**139,718**
Murabaha investments	**6,160,000**	-	**6,160,000**
Wakala receivable	**294,073**	-	**294,073**
Accounts receivable	-	**162,118**	**162,118**
Receivables from a related party	-	**189,516**	**189,516**
	6,593,791	**351,634**	**6,945,425**

		Neither past due nor impaired	
	High grade	*Standard grade*	*Total*
2023	*KD*	*KD*	*KD*
Shareholders			
Cash and bank balances	117,310	-	117,310
Murabaha investments	6,460,000	-	6,460,000
Wakala receivable	294,073	-	294,073
Accounts receivable	-	250,479	250,479
Receivables from a related party	-	193,716	193,716
	6,871,383	444,195	7,315,578

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.4 Credit risk (continued)

		Neither past due nor impaired	
	High grade	***Standard grade***	***Total***
2024	***KD***	***KD***	***KD***
Policyholders			
Cash and bank balances	**250,018**	**-**	**250,018**
Investment deposits	**2,732,500**	**-**	**2,732,500**
Due from shareholders	**824,283**	**-**	**824,283**
Other assets	**-**	**356,422**	**356,422**
	3,806,801	**356,422**	**4,163,223**

		Neither past due nor impaired	
	High grade	*Standard grade*	*Total*
2023	*KD*	*KD*	*KD*
Policyholders			
Cash and bank balances	448,606	-	448,606
Investment deposits	5,032,500	-	5,032,500
Due from shareholders	1,177,777	-	1,177,777
Other assets	-	206,231	206,231
	6,658,883	206,231	6,865,114

Risk concentration of maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location, The Company's gross maximum exposure to credit risk are inside Kuwait for insurance and inside and outside Kuwait for reinsurance.

23.5 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. Management monitors liquidity requirements on a monthly basis and ensures that sufficient funds are available.

Maturity profile

The table below summaries the maturity profile of the Company's assets and liabilities. The maturities of assets are based on expected recovery dates and those of liabilities are based on contractual maturity dates.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.5 Liquidity risk (continued)

Maturity profile (continued)

31 December 2024 ***Shareholders***	***Up to 1 year KD***	***Above 1 year KD***	***Total KD***
Cash and bank balances	**139,718**	**-**	**139,718**
Murabaha investments	**6,160,000**	**-**	**6,160,000**
Wakala receivable	**294,073**	**-**	**294,073**
Accounts receivable	**162,118**	**-**	**162,118**
Financial assets at fair value through profit or loss	**-**	**3,086,586**	**3,086,586**
Financial assets at fair value through other comprehensive income	**-**	**389,750**	**389,750**
Due from a related party	**189,516**	**-**	**189,516**
Investment property	**-**	**2,220,000**	**2,220,000**
Investment in an associate	**-**	**3,079,094**	**3,079,094**
Furniture and equipment	**-**	**33,506**	**33,506**
TOTAL ASSETS	**6,945,425**	**8,808,936**	**15,754,361**
Accounts payable and accruals	**42,763**	**-**	**42,763**
Due to policyholder's fund	**-**	**824,283**	**824,283**
TOTAL LIABILITIES	**42,763**	**824,283**	**867,046**
NET LIQUIDITY	**6,902,662**	**7,984,653**	**14,887,315**

31 December 2024 ***Policyholders***	***Up to 1 year KD***	***Above 1 year KD***	***Total KD***
Cash and bank balances	**250,018**	**-**	**250,018**
Investment deposits	**2,732,500**	**-**	**2,732,500**
Due from shareholders	**824,283**	**-**	**824,283**
Other assets	**356,422**	**-**	**356,422**
TOTAL ASSETS	**4,163,223**	**-**	**4,163,223**
Takaful insurance contract liabilities	**1,897,225**	**-**	**1,897,225**
Takaful reinsurance contract liabilities	**16,659**	**-**	**16,659**
Other liabilities	**695,257**	**386,670**	**1,081,927**
TOTAL LIABILITIES	**2,609,141**	**386,670**	**2,995,811**
NET LIQUIDITY	**1,554,082**	**(386,670)**	**1,167,412**

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.5 Liquidity risk (continued)

31 December 2023 *Shareholders*	*Up to 1 year KD*	*Above 1 year KD*	*Total KD*
Cash and bank balances	117,310	-	117,310
Murabaha investments	6,460,000	-	6,460,000
Wakala receivable	294,073	-	294,073
Accounts receivable	250,479	-	250,479
Financial assets at fair value through profit or loss	-	2,836,842	2,836,842
Financial assets at fair value through other comprehensive income	-	214,325	214,325
Due from a related party	193,716	-	193,716
Investment property	-	2,110,000	2,110,000
Investment in an associate	-	2,969,854	2,969,854
Furniture and equipment	-	36,548	36,548
TOTAL ASSETS	7,315,578	8,167,569	15,483,147
Accounts payable and accruals	29,282	-	29,282
Due to policyholder's fund	-	1,177,777	1,177,777
TOTAL LIABILITIES	29,282	1,177,777	1,207,059
NET LIQUIDITY	7,286,296	6,989,792	14,276,088

31 December 2023 *Policyholders*	*Up to 1 year KD*	*Above 1 year KD*	*Total KD*
Cash and bank balances	448,606	-	448,606
Investment deposits	5,032,500	-	5,032,500
Takaful insurance contract assets	538,500		538,500
Takaful reinsurance contract assets	2,113,113	-	2,113,113
Due from shareholders	1,177,777	-	1,177,777
Other assets	206,231	-	206,231
TOTAL ASSETS	9,516,727	-	9,516,727
Takaful insurance contract liabilities	6,218,542	-	6,218,542
Takaful reinsurance contract liabilities	611,092	-	611,092
Other liabilities	1,961,310	360,697	2,322,007
TOTAL LIABILITIES	8,790,944	360,697	9,151,641
NET LIQUIDITY	725,783	(360,697)	365,086

24 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or return the capital to shareholders or issue new shares. Capital comprises share capital, statutory reserve, voluntary reserve, cumulative changes in fair values and retained earnings and is measured at KD 14,887,315 as at 31 December 2024 (2023: KD 14,276,088).

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Unlisted equity securities
The Company invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Company uses a market-based valuation technique for the majority of these positions. The Company determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Company classifies the fair value of these securities as Level 3.

Fair value hierarchy
All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

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

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

25 FAIR VALUES MEASUREMENT (continued)

Fair value hierarchy (continued)

The following table provides the fair value measurement hierarchy of the Company's financial instruments measured at fair value:

31 December 2024	***Fair value measurement using***			
	Level 1 KD	***Level 2 KD***	***Level 3 KD***	***Total KD***
Financial assets at fair value through other comprehensive income				
Unquoted equity securities	**-**	**-**	**389,750**	**389,750**
Financial assets at fair value through profit or loss				
Ouoted shares	**1,410,169**	**-**	**-**	**1,410,169**
Unquoted shares	**-**	**-**	**820**	**820**
Quoted sukuk	**1,675,597**	**-**	**-**	**1,675,597**
	3,085,766	**-**	**820**	**3,086,586**
Total investment securities at fair value	**3,085,766**	**-**	**390,570**	**3,476,336**

31 December 2023	*Fair value measurement using*			
	Level 1 KD	*Level 2 KD*	*Level 3 KD*	*Total KD*
Financial assets at fair value through other comprehensive income				
Unquoted equity securities	-	-	214,325	214,325
Financial assets at fair value through profit or loss				
Ouoted shares	1,273,642	-	-	1,273,642
Unquoted shares	-	-	820	820
Quoted sukuk	1,562,380	-	-	1,562,380
	2,836,022	-	820	2,836,842
Total investment securities at fair value	2,836,022	-	215,145	3,051,167

Reconciliation of Level 3 fair values

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

	Unquoted equity securities	
	31 December 2024 KD	*30 December 2023 KD*
At the beginning of the year	**214,325**	219,992
Remeasurement recognised in OCI	**175,425**	(5,667)
At the end of the year	**389,750**	214,325

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors.

25 FAIR VALUES MEASUREMENT (continued)

Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 per cent.

Description of significant unobservable inputs to valuation for financial assets at fair value through other comprehensive income, which has been classified in level 3:

	Valuation technique	***Significant unobservable inputs***	***Sensitivity of the input to fair value***
Unquoted equity securities	Price to book value	Liquidity discount	An decrease by 5% (2023: 5%) in the liquidity discount would result in a increase in fair value by KD 19,488 (2023: KD 3,749).
Unquoted equity securities	Price to book value	Market multiple	An decrease by 5% (2023: 5%) in the market index would result in a increase in fair value by KD 13,783 (KD 9,372).

Non-financial instruments

Movement in the Level 3 of non-financial instruments is as follows:

	As at 1 January 2024 KD	***Revaluation gains recorded in the statement of profit or loss KD***	***As at 31 December 2024 KD***
2024			
Investment property	**2,110,000**	**110,000**	**2,220,000**

	As at 1 January 2023 KD	*Revaluation gains recorded in the statement of profit or loss KD*	*As at 31 December 2023 KD*
2023			
Investment property	2,100,000	10,000	2,110,000

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