2024

ANNUAL REPORT

UPAC
UNITED PROJECTS CO.
FOR AVIATION SERVICES | K.S.C.P

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Company Profile

United Projects for Aviation Services Co. (UPAC), is a commercial real estate development and facilities management company, operating in Kuwait since 2000. UPAC is publicly traded on Boursa Kuwait, and is one of Agility's infrastructure companies, a long-term investor and operator in supply chain services, infrastructure, and innovation.

The company focuses its efforts on the investment and management of real estate and other large key projects within Kuwait, with a specialization in Build Operate Transfer (BOT) initiatives. UPAC's core services include real estate management, project management and consultancy, as well as maintenance and facilities management services. UPAC's customer base includes a wide range of leading retailers, food and beverage companies, airline companies and financial institutions.

Key projects include:

Kuwait International Airport

Terminal 1

UPAC manages 10,000 square meters of commercial space at Kuwait International Airport – Terminal 1, in addition to the provision of maintenance and facilities management services. The 24/7 operation includes the management of over 200 retail units covering restaurants, telecom operators, banks, car rental companies amongst others. Under its management are two check-in zones with a total of 64 counters, as well as a multi-story parking facility accommodating 1,500 vehicles in the short-term car park and 700 vehicles in the long-term car park.

The parking lots utilize state-of-the-art parking equipment that UPAC has installed and manages. These include technologies such as license plate recognition technology, and automated entry and exit lanes. In addition, UPAC has installed Auto Pay Stations within the terminal for swift and convenient customer payment, further facilitating customers' entrance and exit within the airport.

Sheikh Saad Terminal

UPAC manages over 2,000 square meters of commercial space inside the airport's terminal. In addition, the company provides end to end maintenance and facilities management services within the terminal, including the supervision of the car parks and other related facilities.

Terminal 4

In 2024, UPAC's contract to develop and manage Kuwait International Airport's Terminal 4 (T4) parking lot and related facilities expired, following which the company took all the necessary measures to handover and deliver the project to Incheon International Airports Company (IIAC), the current manager of T4.

Al Messilah Beach

UPAC was awarded the contract from the Touristic Enterprises Company to manage and operate Al Messilah Beach over a 17-year period. Spanning over 70,000 SQM, Al Messilah Beach is set to become a unique landmark attraction offering a wide variety of leisure and entertainment activities to serve and target families, locals and expats. The project is strategically located within a prime location on the Al Messilah Beach's shore and boasts direct access to a 250m beach front. The project includes four swimming pools, a kids area, Sky Trail game, sports fields, beach activities, a multi-purpose hall, greenery, outdoor theater, and 340 shaded parking.

Reem Mall

UPAC is a major investor in Abu Dhabi's Reem Mall, the $1.3 billion mega mall covering 2 million square feet (185,000 SQM), comprised of 400 stores and food and 80 beverage outlets, and will offer a wide range of family-focused entertainment such as Snow Park Abu Dhabi. The mall will also be home to a first-of-its-kind fully integrated omni-channel retail ecosystem with fully enabled digital, e-commerce and logistics capabilities, bringing together all consumer and retailer services ensuring a seamless experience.

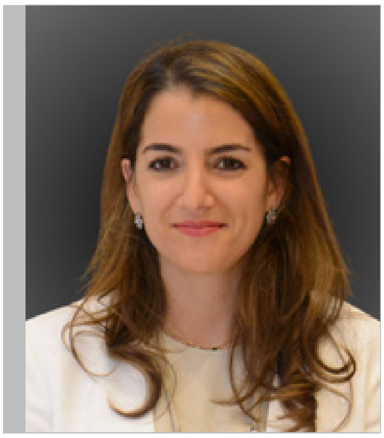

أهلاً وسهلاً بكم في سوق المطار
WELCOME TO THE AIRPORT MALL
Managed by
UPAC
AIRPORT TAXI

Tarek Al Mousa

Chairman of the Board of Directors

Member of the Board Nomination and Remuneration Committee (BNRC)

As Chairman, Tarek Al Mousa provides leadership to the Board of Directors and acts as a direct liaison between the board and executive management. He also oversees the Company's corporate governance program and aims to protect the interests of investors and stakeholders. In addition, Tarek is also the Vice Chairperson and CEO of the Metal and Recycling Company (MRC). MRC is a waste management Company offering the latest practical and cost-effective solutions to manage the complexities of responsible waste management. Tarek also managed several executive positions within Agility, last serving as the Executive Director of Strategic Programs. Tarek holds a bachelor's degree in Mass Media and Sociology from the University of Evansville, Indiana.



Nadia Akil

Vice Chairperson and CEO (2024)

Member of the Board Nomination and Remuneration Committee (BNRC)

Nadia Akil assumed the position of Vice Chairperson and CEO of UPAC. Since having been appointed to this position in 2012 and until the end of 2024, she has been responsible for the overall operations of UPAC in Kuwait, including managing its three BOT contracts within the airport. Nadia is also involved in the investment and development of Reem Mall in Abu Dhabi, which is set to become the regions first fully digitized omnichannel offering.

Nadia Akil was appointed in one of the leadership positions within the Group, effective 1 January 2025, and Hamad Malallah succeeded her as CEO of UPAC.

Previously, Akil held various positions at Agility, and last served as a Director on Agility's Executive Projects Team. In this role, she concentrated on identifying growth areas, business development opportunities and operational efficiencies. Prior to Agility, Akil was part of the Global Wealth Management Group at Citigroup in London. In 2023, Nadia was selected by Forbes Middle East among the list of the 100 most powerful businesswomen in the Middle East. Nadia holds a master's degree from Columbia University's School of International and Public Affairs with a concentration in finance and business, and a bachelor's degree from Georgetown University in Washington, D.C.

Hamad Malallah

Vice Chairman and CEO (2025)

Member of the Board Nomination and Remuneration Committee (BNRC)

Hamad Adnan Malallah is the Vice Chairman and Chief Executive Officer of UPAC as of 1 January 2025. With extensive experience in transport, logistics, and operational management, Hamad leads the company's strategic vision, oversees its regional expansion, and drives operational excellence across all business lines. Hamad is responsible for managing UPAC's entire portfolio in Kuwait, including its long-term BOT contracts at Kuwait International Airport, such as the Airport Mall and parking lots, and Sheikh Saad Terminal, as well as the Messilah Beach Project.

Prior to becoming CEO, Hamad served as UPAC's Vice President of Operations, where he played a critical role in managing key infrastructure projects, maintaining high performance standards, and strengthening stakeholder relations. His career includes leadership roles at Agility, where he was responsible for managing large-scale transport and logistics operations. Hamad holds a bachelor's degree in mechanical engineering from St. Martin's university in Washington, USA, and is a member of the Society of Transport–Kuwait and the Society of Engineers–Kuwait.

Hassan El Houry

Non-Executive Board Member

Chairman of the Board Risk and Audit Committee (BRAC)

Hassan El Houry is currently the Chairman of Menzies Aviation, the world's largest aviation services Company by number of countries served and the leading service partner to the world's airports and airlines. Hassan was Group CEO of National Aviation Services (NAS) from 2009 and he spearheaded the Company's expansion into Africa, Asia, and the Middle East to become NAS and Menzies an integrated global entity in the name of Menzies. Hassan also is currently Chairman of the Board of Directors of National Real Estate Company (NREC) and Royal Aviation (UPAC subsidiary). In 2014, Hassan was honored by the World Economic Forum in Davos as a Young Global Leader given his experience and contributions in the field of aviation and airport services. Hassan is also a member in the Young Presidents Organization (YPO) and serves as the director of the Wharton Alumni Club in the Middle East. Hassan holds a Master's of Business Administration (MBA) from the University of Pennsylvania's Wharton School of Business and a bachelor's degree from the American University of Beirut.

Zuhair Al Zamel

Independent Board Member

Member of the Board Risk and Audit Committee (BRAC)

Chairman of the Board Nomination and Remuneration Committee (BNRC)

Zuhair Al Zamel has been a member of UPAC'S Board of Directors since 2008. Al Zamel held various positions with the Directorate General of Civil Aviation (DGCA) for over 30 years, and most recently as Vice General Director of Civil Aviation for Airport Affairs. He also served as a Consultant for National Aviation Services (NAS) from 2009 until 2015. Zuhair graduated from the University of California, Santa Barbara (UCSB) with a bachelor's degree in Electrical Engineering.

Majed Al Ajeel

Non-Executive Board Member

Member of the Board Risk and Audit Committee (BRAC)

Majed Al Ajeel has been a UPAC board member since 2005. He has also held various prominent positions most notably as Chairman of Burgan Bank from 2010 until 2022. He also served as the Chairman and Member of the Kuwait Banking Association during that period, and previously held leading positions such as Vice Chairperson and CEO of UPAC and served as a member of the Board of Directors of various other companies. Majed holds both a master's degree in planning and a bachelor's degree in architecture from the Catholic University of America.

CEO MESSAGE

Dear Shareholders,

On behalf of UPAC's Board of Directors, I thank our valued shareholders for your continuous support and trust. UPAC's 2024 Annual Report details our financial performance and main accomplishments over the course of the past year.

As I step into my new role as CEO of UPAC, I am both honored and excited to continue building on the strong foundation established by this incredible organization. UPAC has been a strong real estate and facility management company in Kuwait, and I am committed to upholding and expanding the legacy of excellence that has defined us since our inception in 2003.

Our full-year results were in line with our expectations. In 2024, UPAC reported a full-year net profit of KD 1.03 million, reduced by 36%, or 2.53 fils per share, compared with the same period last year. The company's revenue was KD 8.57 million, down by 15.5%, compared to the same period of 2023.

A notable milestone in 2024 was the signing of a landmark 17-year agreement with the Kuwait Touristic Enterprises Company (TEC) to manage and operate Al Messilah Beach, a 70,000+ square meter beachfront leisure and entertainment destination. Recently redeveloped by TEC, Al Messilah Beach is set to become one of Kuwait's most sought-after attractions, offering a vibrant lifestyle and community experience that will significantly enhance the country's tourism landscape. I am excited to lead UPAC in bringing this exceptional destination to life.

Planning for the Al Messilah Beach Project (Plage-2) site has been progressing, where our teams are working on preparing the project for its opening and operation, meeting the relevant partners, and potential vendors who will be working with us on this exciting new project.

Earlier in 2024, UPAC's contract to develop and manage Kuwait International Airport's Terminal 4 parking lot and related facilities expired, after which the company took all the necessary measures to handover and deliver the project to Incheon International Airports Company (IIAC), the current manager of T4.

In addition to our work with TEC, UPAC proudly manages over 24,000 square meters of commercial space at prestigious locations, including Kuwait International Airport's Terminal 1 (T1) and Sheikh Saad Airport Terminal (T3). Our expansion into the entertainment and leisure sector has been a key part of our growth strategy. We are proud to have been awarded the 17-year contract to operate Al Messilah Beach, which will become a must-visit destination for families and tourists in Kuwait.

In Abu Dhabi, UPAC's investment in Reem Mall was officially inaugurated in 2024 and has been operating since February 2023. Spanning nearly two million square feet, Reem Mall is a major retail, leisure, and entertainment hub. It brings together all consumer and retail services to ensure a seamless customer experience. To date, 194 units are trading, and almost 80% of the Gross Leasable Area (GLA) is committed.

This collaboration with Al Farwaniya Property Developments – a partnership between Agility Global, UPAC, and the National Real Estate Company (NREC) – brings together a wealth of expertise in asset management, commercial real estate, and mall operations, positioning Reem Mall as a landmark destination in the region.

Board of Directors

The Board of Directors has recommended no distribution of dividends for the fiscal year ending December 31, 2024. This recommendation is subject to the approval of UPAC's General Assembly.

Corporate Governance

UPAC is committed to transparency and responsible management in order to protect its shareholders' rights and comply with the regulations set by the Capital Markets Authority (CMA). Enclosed is the Company's published Corporate Governance Report for 2024, outlining the various activities and committees in line with the corporate governance framework.

Corporate Social Responsibility

As part of our Corporate Social Responsibility (CSR) program, we have continued to uphold UPAC's commitment to the community through various initiatives led by the company and its employee volunteers. Please refer to our CSR section for further details about our initiatives.

Lastly, I would also like to extend my sincere appreciation to our shareholders, Board of Directors, and the various government authorities for their ongoing support throughout the year.

Hamad Malallah
Vice Chairman and CEO


ريم مول
Reem Mall

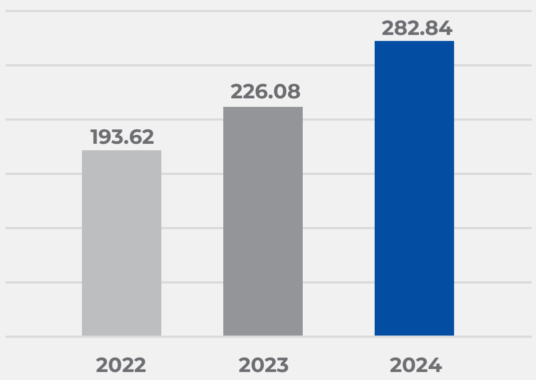
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

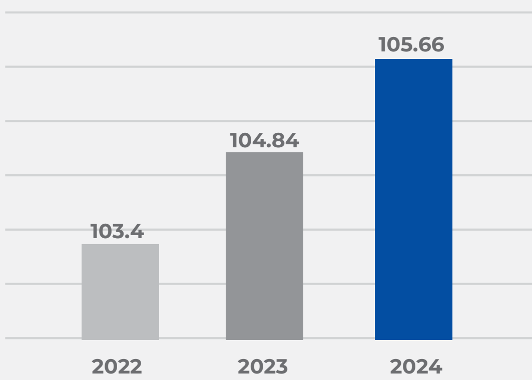
Amount in (KD Mln)

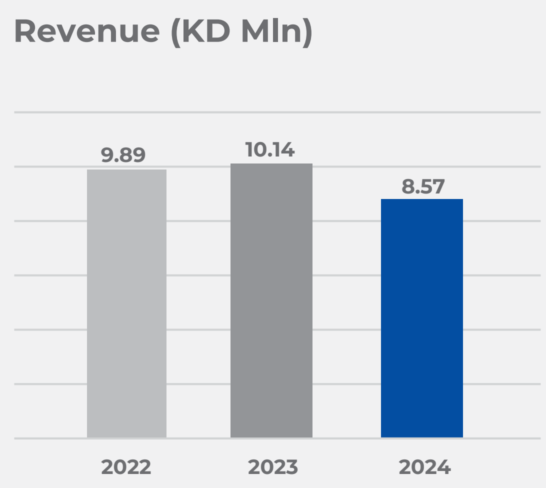
	2022	2023	2024
Revenues	9.89	10.14	8.57
EBITDA	3.88	2.88	1.77
Net Profit	0.69	1.61	1.03
EPS (fils)	1.67	4.06	2.53
Total Assets	193.62	226.08	282.84
Shareholder's equity	103.4	104.84	105.66

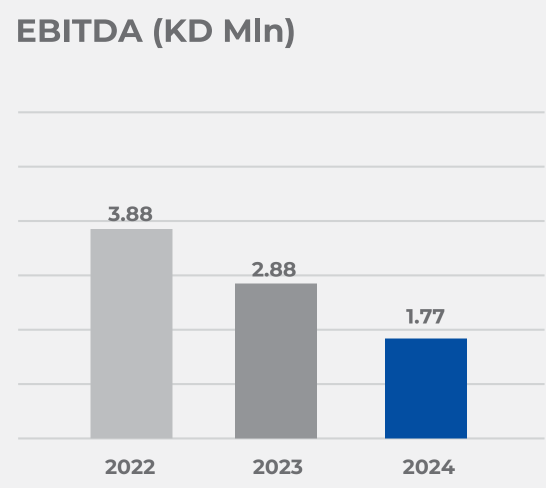
Total Assets (KD Mln)

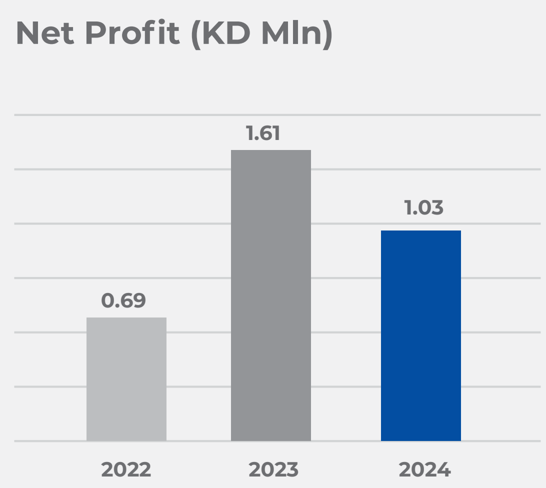


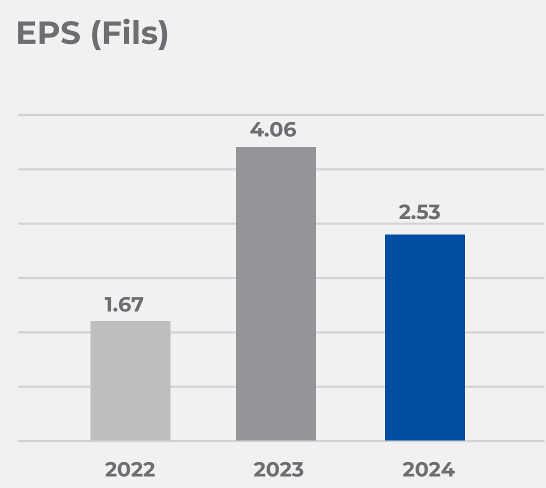
Shareholders Equity (KD Mln)




Revenue (KD Mln)
9.89
10.14
8.57
2022
2023
2024


EBITDA (KD Mln)
3.88
2.88
1.77
2022
2023
2024


Net Profit (KD Mln)
1.61
1.03
0.69
2022
2023
2024


EPS (Fils)
4.06
2.53
1.67
2022
2023
2024

CORPORATE
SOCIAL RESPONSIBILITY

UPAC is committed to driving positive change through CSR initiatives that empower individuals, families, NGOs, and communities-locally and globally. This year, we supported meaningful causes through volunteering, fundraising, donations, and sponsorships, upholding our responsibility to society.

UPAC Supports World Food Program Campaign "Donate to Sudan"

UPAC partnered with the UN World Food Programme (WFP) to amplify their "Donate to Sudan" campaign, providing critical aid to communities affected by conflict, economic collapse, and climate disasters. WFP delivers life-saving food and emergency support to vulnerable families in Sudan facing severe hardship.

UPAC employees donated generously, and the company matched contributions dollar-for-dollar-doubling the impact. This initiative reflects UPAC's commitment to tackling global crises through action and partnership.

UPAC supports "The Ocean Cleanup®" Campaign

UPAC advanced its environmental commitment this Earth Day through impactful partnerships and programs. The company expanded its "Let's Make It Green" campaign by collaborating with The Ocean Cleanup to combat ocean plastic pollution, with UPAC matching employee donations to double the impact.

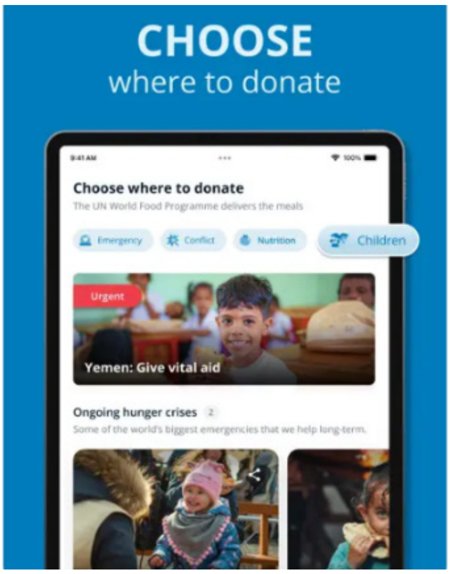
On-site, UPAC strengthened its sustainability efforts through an ongoing recycling partnership with Omniya, featuring dedicated collection bins at headquarters to ensure proper waste processing. These initiatives demonstrate UPAC's dual focus on global conservation and local environmental action.

UPAC, Agility & WFP Fight Hunger in Crisis Zones

UPAC partnered with Agility and the UN World Food Programme (WFP) to tackle extreme food insecurity, delivering urgent aid in Gaza and the West Bank-where 96% of the population faces crisis-level hunger.

Thanks to employee generosity, 1 million meals reached Gaza and the West Bank last year. UPAC and Agility also leveraged their supply chain expertise to support WFP's global relief efforts, including its 2024 goal of feeding 139 million people.

Employees could further amplify impact by downloading WFP's ShareTheMeal app-each install triggers a 10-meal donation to those in need.



UPAC Steps Up for Children's Health with UNICEF Challenge

UPAC teamed up with Agility, Wellbees, and UNICEF to transform steps into life-saving aid for vulnerable children. Through the Step-Up Challenge, employees converted their daily activity into donations for UNICEF's TMK Hope Packages-providing food, medical care, and critical resources to children worldwide.

The initiative blended wellness with purpose, with employees quickly filling all available spots. Each step taken through the Wellbees app created real impact, proving how individual efforts can drive meaningful change.

UPAC Participates in Food Basket Donation During Ramadan

Together with Agility, UPAC partnered with Kuwait's Naemati initiative to provide necessary food supplies for those in need during Ramadan. Volunteers packed and delivered "Machla" food boxes—containing essential supplies-to over 1,000 vulnerable families across Kuwait.

This effort supported both immediate food needs and Naemati's dual mission of sustainability and community care. UPAC employees embraced the initiative, embodying Ramadan's spirit of compassion through hands-on action.

UPAC Champions Women's Health in Breast Cancer Awareness Initiative

UPAC joined Agility in hosting an exclusive breast cancer awareness session, empowering women across their organizations with critical health knowledge. The event highlighted early detection's life-saving importance, emotional wellness, and self-care practices-key factors in combating this prevalent disease.

Participants gained practical guidance on symptom recognition, treatment options, and available support systems, including insurance coverage details for screenings. The interactive discussion encouraged active employee engagement, reinforcing our collective commitment to women's health advocacy.

UPAC Empowers Future Architects with Al-Messilah Beach Project

within collaboration with Kuwait University's College of Architecture, UPAC helped provide students with hands-on experience designing interior and exterior spaces for the Al-Messilah Beach development. Guided by Dr. Reem Dashti, Vice Chair of Visual Communication & Interior, participants tackled real-world design challenges—from landscaping to lighting—bridging academic theory with professional practice.

This collaboration reflects UPAC's dedication to nurturing emerging talent and strengthening university partnerships. By providing a platform for innovative thinking, the initiative helps shape both Kuwait's architectural future and its next generation of designers.

RM
ريم مول
Reem Mall

CORPORATE
GOVERNANCE REPORT

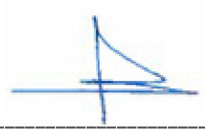
INTRODUCTION

United Projects for Aviation Services Company KSCP ("UPAC") is committed to implementing the rules of governance in accordance with the laws and regulations of the regulatory bodies, in particular Module 15 (Corporate Governance) of the Executive Regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority (CMA) and regulating securities activities and their amendments.

The Company believes that practices managed within the framework of governance are the basis for achieving the Company's main objectives, creating sustainable value, enhancing the role of internal control, and activating integrity and transparency in the workplace. In doing so, ("UPAC") ensures that the governance framework meets the relevant regulatory requirements set by the CMA and thus maintains trust amongst its shareholders and stakeholders alike.

In terms of the performance of its functions, the Board of Directors supports a number of different committees: the Audit and Risk Committee, the Nomination and Remuneration Committee, as well as the role of Executive Management.

In compliance with the highest standards of transparency and in line with the best practices adopted under the Corporate Governance Framework and its subsequent amendments, the Company has prepared this annual Corporate Governance Report, providing an overview of the corporate governance rules applied in the Company throughout the year 2024.



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Hamad Adnan Malallah
Vice Chairman and CEO

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PILLAR 1: CONSTRUCT A BALANCED BOARD COMPOSITION

1.1 Board Composition

United Projects for Aviation Services Company's KSCP ("UPAC" or "Company") Board of Directors is comprised of five members, all of whom have been elected/appointed in line with the applicable provisions of the Company's Memorandum of Association and the Articles of Association of the Company, as well as in conformity to the Companies Law No. 01 of the year 2016 and its Executive Regulations. All members hold the relevant educational qualifications and professional experiences to carry out their responsibilities dutifully and professionally, in addition to being well versed with the relevant corporate laws and regulations. The formation of the relevant Board Committees ensures that the composition of each Committee accurately reflects the experience and educational qualifications of each member in accordance with the allocated tasks and responsibilities of each Committee.

Members of the Board of Directors

Sl.	Name	Capacity	Board Member	Elected/Appointed Date
1	**Tarek Al-Mousa**	Chairman	Non-Executive Member	23 May 2024
2	**Nadia Akil**	Vice Chairperson	Executive Member	23 May 2024
3	**Zuhair Al-Zamel**	Board Member	Independent Member	23 May 2024
4	**Majed Al-Ajeel**	Board Member	Non-Executive Member	23 May 2024
5	**Hassan El-Houry**	Board Member	Non-Executive Member	23 May 2024

The Secretary of the Board of Directors, Mr. Mahmoud Mimi Said, has been reappointed by Board Resolution No. 03/24 dated 11 June 2024 in order to carry out the roles and responsibilities assigned to him.

It is worth noting that Ms. Nadia Akil has submitted her resignation from her position as Vice Chairman and CEO of the Company, and the Board of Directors, by virtue of its resolution dated 30th September 2024, approved the aforementioned resignation, with her last working day in both positions being 31st December 2024. The Board of Directors also approved the appointment of Mr. Hamad Adnan Malallah as CEO of the Company, effective 01st January 2025. Subsequently, Mr. Hamad Adnan Malallah was appointed as a member of the Board of Directors of the Company and elected as Vice Chairman of the Board of Directors by virtue of Board of Directors Resolution No. 1/2025 issued on 15th January 2025. Prior to this appointment, Mr. Malallah served as Vice President of Operations at UPAC and held various leadership roles at Agility Public Warehousing. He holds a bachelor's degree in mechanical engineering from Saint Martin's University in Washington, D.C., USA. He is also an active member of the Kuwait Transportation Association and the Kuwait Society of Engineers.

Educational Qualifications and Experience of the Board Members

Sl.	Name	Educational Qualifications	Experience
1	**Tarek Al-Mousa** Chairman of the Board of Directors	Bachelor's degree in Mass Media and Sociology from the University of Evansville, Indiana.	As Chairman, Tarek Al Mousa provides leadership to the Board of Directors and acts as a direct liaison between the board and executive management. He also oversees the Company's corporate governance program and aims to protect the interests of investors and stakeholders. In addition, Tarek is also the Vice Chairperson and CEO of the Metal and Recycling Company (MRC). MRC is a waste management Company offering the latest practical and cost-effective solutions to manage the complexities of responsible waste management. Tarek also managed several executive positions within Agility, last serving as the Executive Director of Strategic Programs.

2	**Nadia Akil** Vice Chairperson of the Board of Directors	Master's degree from New York's Columbia University School of International and Public Affairs, with a concentration in Business and Finance. Bachelor's degree in International Affairs from Georgetown University in Washington D.C.	Nadia Akil is the Vice Chairperson and CEO of UPAC. Since having been appointed to this position in 2012, she has been responsible for the overall operations of UPAC in Kuwait, including managing its three BOT contracts within the airport. Nadia is also involved in the investment and development of Reem Mall in Abu Dhabi, which is set to become the region's first fully digitized omnichannel offering. Previously, Akil held various positions at Agility, and last served as a Director on Agility's Executive Projects Team. In this role, she concentrated on identifying growth areas, business development opportunities and operational efficiencies. Prior to Agility, Akil was part of the Global Wealth Management Group at Citigroup in London. In 2023, Nadia was selected by Forbes Middle East among the list of the one hundred most powerful businesswomen in the Middle East. On September 30, 2024, Ms. Nadia Akil submitted her resignation from her position as Vice Chairman and CEO of the Company, with her last working day in both positions being December 31, 2024, to devote herself to a leadership position within the Group.
3	**Zuhair Al-Zamel** Independent Member	Bachelor's degree in Electrical Engineering from the University of California at Santa Barbara (UCSB) 1974.	Zuhair Al Zamel has been a member of UPAC'S Board of Directors since 2008. Al Zamel held various positions with the Directorate General of Civil Aviation (DGCA) for over 30 years, and most recently as Vice General Director of Civil Aviation for Airport Affairs. He also served as a Consultant for National Aviation Services (NAS) from 2009 until 2015.
4	**Majed Al-Ajeel** Non-Executive Member	Master's degree in planning and a bachelor's degree in architecture from the Catholic University of America.	Majed Al Ajeel has been a UPAC board member since 2005. He has also held various prominent positions most notably as Chairman of Burgan Bank from 2010 until 2022. He also served as the Chairman and Member of the Kuwait Banking Association during that period and previously held leading positions such as Vice Chairperson and CEO of UPAC and served as a member of the Board of Directors of various other companies.
5	**Hassan El-Houry** Non-Executive Member	Masters of Business Administration (MBA) from the University of Pennsylvania's Wharton School of Business and a bachelor's degree from the American University of Beirut.	Hassan El Houry is currently the Chairman of Menzies Aviation, the world's largest aviation services Company by number of countries served and the leading service partner to the world's airports and airlines. Hassan was Group CEO of National Aviation Services (NAS) from 2009, and he spearheaded the Company's expansion into Africa, Asia, and the Middle East to become NAS and Menzies an integrated global entity in the name of Menzies. Hassan also is currently Chairman of the Board of Directors of National Real Estate Company (NREC) and Royal Aviation (UPAC subsidiary). In 2014, Hassan was honored by the World Economic Forum in Davos as a Young Global Leader given his experience and contributions in the field of aviation and airport services. Hassan is also a member in the Young Presidents Organization (YPO) and serves as the director of the Wharton Alumni Club in the Middle East.

1.2 Meetings Of The Board Of Directors

The Board of Directors held a total of six meetings during the course of 2024. All meetings are called for by way of a formal invitation in advance, in order to allow adequate time for members to attend. Each time a meeting is called for, a formal agenda is shared with members along with all necessary supporting documents at least three working days prior to the meeting to allow members sufficient time to review, excluding the urgent meetings if any. Board meetings are held when a quorum is met, with at least three members present, otherwise the meeting may be adjourned until a legal quorum is met. The Board Secretary ensures that minutes are recorded and formally signed off by members once they are in agreement. Board meetings are always conducted in line with the Company's Memorandum and Articles of Association as well as in conformity to Companies Law No. 01 of the year 2016 and its Executive Regulations.

Board of Directors Meetings Record during the Year 2024

Name & Capacity	Meeting No. 01/24 held on 27 March 2024	Meeting No. 02/24 held on 15 May 2024	Meeting No. 03/24 held on 11 June 2024	Meeting No. 04/24 held on 08 August 2024	Meeting No. 05/24 held on 30 September 2024	Meeting No. 06/24 held on 13 November 2024	Number of meetings attended in 2024
Tarek Al-Mousa Chairman	√	√	√	√	√	√	6/6
Nadia Akil Vice Chairperson	√	√	√	√	√	√	6/6
Zuhair Al-Zamel Board Member	√	√	√	√	√	√	6/6
Majed Al-Ajeel Board Member	√	√	√	√	√	√	6/6
Hassan El-Houry Board Member	√	√	√	√	√	√	6/6

√ Attendance

1.3 Register, Maintain and Coordinate Board of Directors Minutes of Meetings

Minutes of meetings are organized and recorded within a Company register with applicable serial numbers to mark those meetings during the year. Each meeting records specified relevant details such as the date of the meeting, start and end times, discussion items, deliberations and voting processes on the proposed agenda items. The Board Secretary is responsible for maintaining and updating the Company register in accordance with all relevant Board documentation. The tasks and responsibilities of the Board Secretary are ultimately approved by the Board of Directors.

1.4 The Independent Member's Acknowledgment of the Availability of Independence Controls

The Company's Board of Directors includes an Independent Member, representing 20% of the members of the board of directors. The Nomination and Remuneration Committee has confirmed that the independent board member has met all the conditions and controls of independence that contained in the executive regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments. Furthermore, the independent member has acknowledged this by virtue of a written acknowledgment that is submitted to the Board of Directors, [a copy of the independent member's acknowledgment is attached within appendix (A) herein].

PILLAR 2: ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES

2.1 Duties and Responsibilities of the Members of the Board of Directors and Executive Management

In line with the provisions of the Corporate Governance Regulations (including Module 15 of the CMA Executive Regulations- Corporate Governance), the Company has set out in detail the roles and responsibilities governing the conduct of members of the Board of Directors and Executive Management. In addition to this, the Board of Directors has implemented formal documentation to clearly set out in detail those powers granted to Executive Management and ultimately delegated by the Board of Directors. Below is a list of some of the specific roles and responsibilities allocated to members of the Board of Directors and Executive Management:

Roles and Responsibilities - Board of Directors

- Approve strategic objectives and material plans and policies of the Company.
- Approve annual estimated budgets and interim and annual financial statements.

- Monitor the basic capital expenditure of the Company, ownership and disposal of assets.
- Follow up on Company performance through meetings of the Board of Directors and follow up with the results of the committees.
- Set performance goals and monitor implementation and overall performance in the Company.
- Ensure the Company's compliance measures through various policies and procedures honoring respective applicable internal bylaws and regulations.
- Verify accuracy and soundness of data and information for disclosure in line with applicable disclosure and transparency policies and regulations.
- Establish effective channels of communication that allow the shareholders of the Company to have regular and periodic access to the Company's financial reports and periodic disclosures.
- Develop and supervise a Corporate Governance system and monitor its effectiveness.
- Follow-up on the performance of each member of the Board of Directors and Executive Management according to Key Performance Indicators (KPIs).
- Formation of the Board Committees amongst the existing Board members and in accordance with the Board Charter setting out the Committee's clear roles and responsibilities and the methodology of supervision by the Board of Directors.
- Ensuring that the policies and regulations adopted by the Company are transparent and clear, allowing for decision making and achieving good governance principles, and separation of powers between the board of directors and executive management.
- Control and supervise the performance of Executive Management and verify the implementation of approved policies and regulations.
- Develop policies and internal regulations to oversee the Company's overall processes and practices.
- Ensure periodic and effective internal control systems are in place at the Company level and its subsidiaries.

Roles and Responsibilities - Chairman of the Board of Directors

- Verify the Board's efficient and timely discussion of all key matters.
- Encourage all members to fully and effectively participate in meetings.
- Represent the Company before third parties pursuant to Articles of Association of the Company.
- Ensure actual communication with shareholders and inform the Board of their opinions.
- Encourage constructive relationships and active participation between the Board of Directors and Executive Management.
- Create a structure which encourages constructive criticism of conflicting views.

Roles and Responsibilities – Executive Management

- Execute the Company's strategic plans, related policies and internal regulations and verify its adequacy and efficiency.
- Implement all internal policies, procedures and regulations of the Company as approved by the Board of Directors.
- Prepare periodical (financial and non-financial) reports concerning the progress achieved within the Company's business.
- Develop an integrated accounting system and ensure that the preparation of financial statements is carried out pursuant to international accounting standards approved by the relevant authority.
- Manage day-to-day operations and manage the Company's resources.
- Actively participate in building and developing an ethical culture inside the Company.
- Develop internal control and risk management systems and verify their adequacy and efficiency.

2.2 Board of Directors Achievements during the Year

The Company was awarded the bid contract (No. 1/2024) offered by the Touristic Enterprises Company (TEC) to operate and manage the Messilah Beach project (Plage 2), which extends over a total area of 70,334 square meters, for a 17-year investment period starting from the project's operational date. The Company also worked to meet all financing requirements for the development and construction of the Reem Mall project in Abu Dhabi, as well as participating in enhancing and implementing the strategies set for the management, operation, and marketing of the Reem Mall project. The Company's operations at the Kuwait International Airport project witnessed relative stability in operational performance over the past year. It is worth noting that the Board of Directors is keen to continue taking the necessary measures to restructure operating costs and reduce potential liquidity risks, as well as to continue developing digital services to localize the latest automated practices and enhance customer experience. The Company is also working closely with all relevant authorities to implement various measures to ensure increased operational capacity in line with the steady increase in air traffic and visitors to Kuwait International Airport.

The following is a summary of the Board's key achievements throughout the year 2024:

- Carrying out the overall roles and responsibilities entrusted to the Board of Directors, covered in the above clause 2.1.
- The Company has been awarded the Messila Beach project (Plage 2) for a 17-year investment period, effective from the date of operation.
- Planning, arrangements and completion of overall work related to the Messila Beach project.
- Updating the Company's digital services within the management and operation of the parking lots at Kuwait International Airport.

- Structuring operational costs and reducing potential liquidity risks.
- Meeting the financing requirements for the development and construction of the Reem Mall project in Abu Dhabi.
- Participate in promoting and implementing the strategies developed regarding the management, operation and marketing of Reem Mall.
- Continued cooperation with the Concerned authorities regarding the extension of contracts for the project of operation and management the car park building and its related facilities at Kuwait International Airport (T1), as well as Sheikh Saad Airport Building project (T3).
- Participation in various public bids and other projects in order to further diversity in its business and revenue streams.

2.3 Forming Specialized Independent Committees

Pursuant to the provisions and rules of Module 15 of the CMA Executive Regulations ("Corporate Governance"), the Board of Directors have formed the relevant Committees in order to support and enable Board members to perform their roles and responsibilities in a more effective and informed manner.

A) Board Risk and Audit Committee (BRAC)

Members of the Board Risk and Audit Committee

Name	Capacity	Board Member Classification
Hassan El- Houry	Chairman of the Board Risk and Audit Committee (BRAC)	Non-Executive Member
Zuhair Al-Zamel	Member of the Board Risk and Audit Committee (BRAC)	Independent Member
Majed Al-Ajeel	Member of the Board Risk and Audit Committee (BRAC)	Non-Executive Member

A consolidated Risk and Audit Committee (BRAC) has been established with the approval of the Capital Market Authority (CMA) issued on February 28, 2016. The BRAC performs tasks and responsibilities covering various aspects of risk management and internal audit controls of the Company. The BRAC was formed by way of a resolution of the Board of Directors dated June 28, 2016, for a period of three years renewed periodically, which has recently been renewed following the election/appointment of the Company's Board of Directors on May 2024. The BRAC carries out its tasks and responsibilities as per the Committee Charter, which defines the framework and objectives assigned to the Committee. Furthermore, the BRAC Secretary has been reappointed to carry out the assigned roles.

Board Risk and Audit Committee' Meetings Record during the Year 2024

Name & Capacity	Meeting No. 01/24 held on 27 March 2024	Meeting No. 02/24 held on 15 May 2024	Meeting No. 03/24 held on 08 August 2024	Meeting No. 04/24 held on 13 November 2024	Number of meetings attended in 2024
Hassan El- Houry Chairman of the Board Risk and Audit Committee (BRAC)	√	√	√	√	4/4
Zuhair Al-Zamel Member of the Board Risk and Audit Committee (BRAC)	√	√	√	√	4/4
Majed Al-Ajeel Member of the Board Risk and Audit Committee (BRAC)	√	√	√	√	4/4

√ *Attendance*

The BRAC held four meetings during the course of 2024, where all meetings are called for in advance by a formal invitation extended by the Committee Chairman, accompanied by the agenda and all documents and information needed to discuss the items on the meeting agenda, enabling members to carry out relevant discussions in order to make the necessary recommendations to the Board of Directors. The BRAC Secretary ensures that minutes are recorded and formally signed off by members once they are in agreement.

Roles and Responsibilities – Board Risk and Audit Committee (BRAC)

- Review annual and interim financial statements and provide recommendations to the Board of Directors prior to their final approval. This is to ensure fairness and transparency of financial statements and reports.

- Recommend to the Board of Directors the appointment and reappointment of the Company's financial auditors, determine their fees and ensure their independence.
- Monitor the work of the Company's financial auditors and confirm that their services to the Company are solely confined to the provision of audit services.
- Review of the financial auditors' reports and following up on any observations.
- Ensure proper accounting procedures are applied.
- Evaluate the efficiency of the Company's internal control systems and the preparation of the Audit Committee Report.
- Supervise the Company's internal audit department function, in order to ensure its effectiveness in performing the operations and tasks assigned to it by the Board of Directors.
- Recommend to the Board of Directors the appointment and re-appointment of the Company's internal auditors.
- Review and approve the internal audit plans proposed by the internal auditor and provide comments thereon.
- Review and approve the Internal Audit Report schedule as proposed by the Internal Auditor and provide technical supervision in reviewing results of the Internal Audit Report.
- Review the outcomes of regulatory bodies reports and ensure that necessary measures are taken in this regard.
- Ensure that the Company complies with relevant laws, policies, regulations and instructions.
- Prepare and review risk management strategies, policies and procedures and provide recommendations to the Board of Directors prior to its final approval and verify the implementation of such strategies and policies in line with the nature and volume of the Company activities.
- Ensure availability of adequate resources and risk management systems.
- Evaluate systems and mechanisms for identifying, measuring and monitoring various types of risks that the Company may face.
- Assist the Board of Directors in identifying and evaluating the Company's appetite for acceptable risk levels and ensure the Company operates within those parameters following approval by the Board of Directors.
- Verify the independence of the risk management employees from activities that result in subjecting the Company to certain risks.
- Ensure that risk management employees obtain a full understanding of the risks surrounding the Company and ensure transparency in the awareness of potential risks.
- Raise periodical reports to the Board of Directors concerning the nature of risks facing the Company.

Achievements of the Board Risk and Audit Committee (BRAC)

- Reviewed annual and interim financial statements prior to submission to the Board of Directors and provided recommendations.
- Reviewed the auditor's observations on the Company's financial statements.
- Ensure proper accounting procedures are applied.
- Recommend to the Board of Directors the reappointment of the Company's internal auditors and approval of the audit plan.
- Ensure that internal audit reports are issued periodically in accordance with the approved audit plan.
- Regular meetings with the Company's internal auditor at all BRAC meetings.
- Study and analyze internal audit reports and follow up the actions taken towards the observations contained in those reports.
- Ensure the effective performance of the internal auditor of the Company and assess its performance.
- Ensure the Company's compliance with relevant laws and regulations.
- Follow up on the decisions issued by the regulatory bodies and any further amendments that may be made to the laws and regulations in force.
- Ensure that all regulatory requirements are met.
- Study the comments and observations of the regulatory authorities and work to meet all requirements and/or avoid any shortcomings, if any.
- Ensure the adequacy of internal controls applied in the Company.
- Reviewed the independent Internal Controls Report (ICR) and followed up on the observations raised in that report.
- Recommend to the Board of Directors the reappointment of the Company's financial auditor and ensure their independence and fulfillment of all conditions and requirements.
- Meet periodically with the Company's financial auditor to discuss and review the interim and annual financial statements.
- Recommend to the Board of Directors the reappointment of an independent risk management unit and ensuring its independence and compliance with all requirements.
- Recommended the adoption of effective risk management systems and procedures.
- Study and analyze risk reports, presenting risks and expressing opinions and recommending them to the Board of Directors.
- Recommend the appointment of an independent auditing firm to review and evaluate the internal control systems applied in the Company and to issue a report in this regard.
- Recommend the appointment of another additional independent audit firm to review and evaluate the performance and systems of the internal audit department/unit for the previous three years.

B) Board Nomination and Remuneration Committee (BNRC)

Members of the Board Nomination and Remuneration Committee

Name	Capacity	Board Member Classification
Zuhair Al-Zamel	Chairman of the Board Nomination and Remuneration Committee (BNRC)	Independent Member
Tarek Al-Mousa	Member of the Board Nomination and Remuneration Committee (BNRC)	Non-Executive Member
Nadia Akil	Member of the Board Nomination and Remuneration Committee (BNRC)	Executive Member

The Board Nomination and Remuneration Committee (BNRC) was formed pursuant to a Board Resolution dated 10 November 2016 for a period of three years renewed periodically, which has recently been renewed following the election/ appointment of the Company's Board of Directors on May 2024. Members of the BNRC carry out the responsibilities of the Committee assigned to them as per the Committee Charter, which defines the framework and tasks assigned to it. Furthermore, the BNRC Secretary has been reappointed to carry out the assigned roles. It is worth noting that, subsequently to the date of this report, and following the resignation of Ms. Nadia Akil from the Company's Board of Directors, Mr. Hamad Adnan Malallah was appointed as a member of the Nominations and Remuneration Committee to replace the resigning member, pursuant to Board of Directors Resolution No. 1/2025 issued on 15th January 2025.

Board Nomination and Remuneration Committee' Meetings Record during the Year 2024

Name & Capacity	Meeting No. 01/24 held on 27 March 2024	Meeting No. 02/24 held on 30 September 2024	Number of meetings attended in 2024
Zuhair Al-Zamel Chairman of the Board Nomination and Remuneration Committee (BNRC)	√	√	2/2
Tarek Al-Mousa Member of the Board Nomination and Remuneration Committee (BNRC)	√	√	2/2
Nadia Akil Member of the Board Nomination and Remuneration Committee (BNRC)	√	√	2/2

√ *Attendance*

The BNRC held two meetings during the course of 2024, where all meetings are called for in advance by a formal invitation extended by the Committee Chairman, accompanied by the agenda and all documents and information needed to discuss the items on the meeting agenda, enabling members to carry out relevant discussions in order to make the necessary recommendations to the Board of Directors. The BNRC Secretary ensures that minutes are recorded and formally signed off by members once they are in agreement.

Roles and Responsibilities – Board Nomination and Remuneration Committee (BNRC)

- Recommend the nomination or re-nomination of Board Members and members of Executive Management.
- Develop a clear remuneration policy for Board Members and Executive Management, with an annual review of the required skills necessary for Board membership and executive positions as required.
- Develop clear job descriptions for Executive Members, Non-Executive Members, and the Independent Member.
- Ensure the existing Independent Members' autonomy on the Board of Directors and their capacity to serve as an Independent Member.
- Prepare the Remunerations Report, including the total remunerations granted to Board Members, Executive Management and Managers, whether they are amounts, benefits or advantages, and whatever nature and name.

Achievements of the Board Nominations and Remunerations Committee (BNRC)

- The Committee prepared the remunerations report including the total remunerations granted to members of the Board of Directors (if any), its committees, Executive Management and Managers, for the financial year ended on 31st December 2024, in accordance with the requirements contained in the Module 15 - Corporate Governance – of Executive Regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments.

- Recommend to refrain from allocating payment of the Board of Directors remuneration for the fiscal year ended on 31st December 2024, as a result of the BOD's recommendation not to distribute dividends for the aforementioned fiscal year, which requires the BRAC's recommendation to do so, pursuant to the provisions of article no. (198) of the Companies Law No. 1 for the year 2016, and to submit its recommendation to the Board of Directors to take the necessary actions in this regard.
- The Committee's recommendation regarding the appointment of a member of the Board of Directors and Chief Executive Officer to succeed the member who resigned from the positions of Vice Chairman and CEO.
- Review of the existing skills and competencies required for the members of the Board of Directors and Executive Management to ensure the Company's proper management.
- Review and approve the Company's organizational structure and ensure the availability of internal control principles in order to meet the requirements of the dual control process.
- Review of the existing Independent Members autonomy on the Board of Directors and their capacity to serve as an Independent Member, based on the criteria and definition of an Independent Board Member as covered within the provisions of Module 15 - Corporate Governance - of the Executive Regulations of Law No. 7 for year 2010 and their amendments.
- Recommend the distribution of annual compensation to two members of the Audit and Risk Management Committee in recognition of their efforts and consulting services provided throughout the year 2024.
- Preparation of a report on the annual evaluation of the performance of the Board of Directors and Executive Management, as well as carrying out an evaluation of the performance of the Committees emanating from the Board of Directors for the fiscal year ended on 31st December 2024.
- Review and approval of the Company's comprehensive training plan for the coming year ending on 31st December 2025.

2.4 Provides Members of the Board of Directors with Accurate and Timely Information and Data

The Company is committed to ensuring complete accessibility and availability of information to the Board. To further validate this purpose, the Board of Directors has approved a policy to clearly outline the roles and responsibilities of the Board Secretary. Such tasks include the scheduling of meetings, circulation of agenda items, maintaining and updating the Company register with all relevant documentation, and the accurate and timely provision of information at least three working days prior to scheduled meetings. In addition, the Board Secretary also ensures that minutes are recorded during the course of the meetings and formally signed off by members once they are in agreement.

PILLAR 3: SELECTION OF QUALIFIED CANDIDATES FOR THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

3.1 Formation of the Board Nomination and Remuneration Committee (BNRC)

The Board of Directors has formed a Board Nomination and Remuneration Committee (BNRC). The BNRC ensures that it satisfies all the requirements that need to be met by its committee members. Further, all relevant BNRC information has been detailed within Pillar 2 of this report – Board Nomination and Remuneration Committee (BNRC) – as mentioned in the above section 2.3.

3.2 Report on the Board of Directors, Executive Management and acting Managers Remuneration

The Company has established a remuneration policy in line with the Corporate Governance related regulations issued by the Capital Markets Authority and other related regulatory requirements. The remuneration is determined based on the achievement of Key Performance Indicators (KPI's) toward the Company's overall strategy. Key performance indicators include both qualitative and quantitative indicators of the Company's activities, business results and financial performance.

In compliance with the highest standards of transparency and in line with the best practices adopted under the Corporate Governance Framework, the Company's Nominations and Remunerations Committee has prepared the annual Remunerations Report, including the total remuneration packages granted to members of the Board of Directors, Executive Management, and acting managers to be presented to the general assembly of the Company. Such remuneration for 2024 is outlined as follows:

Board of Directors Remuneration

Board Members remuneration is recommended by the BNRC and endorsed by the Board of Directors which is to be presented to the Company's Annual General Assembly (AGM) for final approval. As set out in the Company's Articles of Association and internal policies, total remunerations shall not exceed 10% of the net profits of the Company following any relevant deductions. The Board of Directors, following the recommendation of the BNRC on the same, has endorsed the recommendation of refraining from paying any remuneration to the members of the Board of Directors for the fiscal year ended on 31st December 2024. The following is a statement of the remuneration granted to members of the Board of Directors:

Remunerations and benefits of Members of Board of Directors							
Total number of members	Remunerations and benefits through the parent Company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	* Committees remuneration	Health insurance	Salaries (total of the year)	Annual remuneration	Committees remuneration
Five Members	None	None	10,000	None	None	None	None

* Committees Remuneration

The BNRC has recommended to grant the two Members of BRAC committee an allowance with a total value of KD 10,000 (ten thousand Kuwaiti Dinars) in recognition of their efforts and advisory services provided throughout the year 2024, in accordance with the following details:

Capacity in Committee	Board Member Classification	Kind of Reward	Reward Value (KD)
Member of the Board Risk and Audit Committee (BRAC)	Independent Member	Allowance for committee efforts and advisory services provided throughout the year 2024	5,000
Member of the Board Risk and Audit Committee (BRAC)	Non-Executive Member	Allowance for committee efforts and advisory services provided throughout the year 2024	5,000

Executive Management Remuneration

Remuneration granted to Executive Management and acting Managers includes two main components – fixed and variable remuneration. Fixed benefits are related to those benefits assigned to Executive Management and acting Managers per their associated roles and responsibilities, whereas variable benefits are those awarded for the successful performance and achievement of specific objectives. Both Human Resources and members of the BNRC are involved in setting the above benefits and reviewing them annually, note that the Nominations and Remunerations Committee did not detect any deviations from the approved remuneration policy during the year. The table below sets out the total fixed and variable benefits granted to the top five members of Executive Management and acting Managers for the year 2024:

Remunerations and benefits through the Company							
Number of Members	Fixed remuneration and benefits (KD)						Total variable remuneration and benefits (KD)
	Total monthly salaries during the year	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's education allowance	Annual remuneration and accruals
Five Members	179,428	7,502	7,644	15,608	5,362	10,000	225,431

3.3 Compliance with the Remuneration Policy Approved by the Board of Directors:

The Nomination and Remuneration Committee confirms that there are no other remunerations granted, either directly or indirectly, other than those mentioned above. The committee also seeks to monitor any fundamental deviations with regard to the approved remuneration policy.

PILLAR 4: ENSURE THE INTEGRITY OF FINANCIAL REPORTING

4.1 Soundness and Integrity of Financial Reporting

Executive Management is mindful of its responsibilities to the Board of Directors with regard to the significance of accounting policies and to the preparation of fair and sound financial statements. The Executive Management has prepared and presented a written undertaking to the Board of Directors confirming that financial statements have been prepared with integrity and that all financial aspects of the Company are in line with approved international accounting standards. The Board of Directors also undertakes to ensure the integrity of financial reporting to the Company's shareholders. The financial statements and reports posted by the Company are as follows:

- Annual Financial Statements.
- Interim Financial Statements.
- Annual and interim financial disclosure forms.
- Annual and periodical reports related to the Company's activity and the results of its operations.

4.2 Audit Committee

The Board of Directors has formed an Audit Committee which ensures that it satisfies all the requirements that need to be met by its committee members. Further, all relevant Audit Committee information has been detailed within Pillar 2 of this report – Board Risk and Audit Committee (BRAC) – as mentioned in the above section 2.3.

4.3 Recommendations of the Board Audit Committee and Resolutions of the Board of Directors

Although the Board Audit Committee is ultimately formed and approved by the Board of Directors, members of the Audit Committee carry out their tasks and responsibilities as per the Audit Committee Charter and provide a recommendation to the Board of Directors for final approval. Given that Committee members have been chosen specifically to meet the requirements set out under the Audit Committee Charter, all recommendations provided to the Board of Directors are typically considered to be sound and effective. During the course of 2024, the Committee did not report any contradictions or inconsistencies between Committee recommendations presented to the Board and the resolutions of the Board of Directors passed through the year.

4.4 Safeguarding the Independence and Impartiality of the External Auditor

Based on feedback and recommendations provided by members of the Audit Committee through their nomination of the external auditor and the review of their performance, the Company hereby ensures the full independence and impartiality of its external auditors. Furthermore, the Company confirms that the external auditors have been engaged only for the provision of such services required to be performed under the external audit profession, the auditors also provide a declaration to ensure their complete independence and pledge to follow general international auditing standards.

PILLAR 5: APPLYING SOUND SYSTEMS OF RISK MANAGEMENT AND INTERNAL AUDIT

5.1 Establish an Independent Unit for Risk Management

The Risk Management Function is one of the most important objectives and a main component for the Board of Directors. Enabling a process whereby risks can be identified and categorized at different risk levels is a key contributing factor to the overall success of the Company. The continuous development and effective application of Risk Management measures is vital to ensure effective and stable continuity within the Company's activities. Given the relevance of the overall Risk Management Function, the Board of Directors has therefore approved and endorsed an independent unit for the Risk Management Function. The Risk Management Function is responsible for reviewing the risk management strategies and assessing the Company's overall risk management policies and procedures. The function seeks to assist the Board in defining certain risks that the Company may face as well as in assessing acceptable risk levels. This Risk Management Function ultimately reports to the Board Risk Committee, which in turn provides their final recommendations to the Board of Directors.

5.2 Risk Management Committee

The Board of Directors has formed a Risk Committee which ensures that it satisfies all the requirements that need to be met by its committee members. Further, all relevant Risk Committee information has been detailed within Pillar 2 of this report – Board Risk and Audit Committee (BRAC) – as mentioned in the above section 2.3.

5.3 Internal Audit Systems and Controls

The Board is fully responsible for the implementation of the Company's Internal Audit Systems and Controls. Internal policies have been developed in order to ensure set standards and internal control processes are followed and adopted by the Company to enhance the soundness, accuracy and efficiency of its operations. The Internal Audit Function is responsible for reviewing and monitoring a set of policies and regulations and for preparing the necessary reports for submission to the Internal Audit Committee. The Internal Audit Committee will in turn review the reports for final submission to the Board of Directors for approval. The main internal controls that have been implemented in the Company to date are as follows:

- Delegation of authorities – limitation and allocation of certain powers and responsibilities.
- Separation of certain tasks and the prevention of potential conflicts of interest.
- Dual inspection and controls for further verifications.
- Dual signatures for further verifications.
- Establishment of approved policies and procedures for the Company.
- Implementation of modern automated technological systems for the enhancement of internal controls within the Company (via-Transfora - group automated internal platform).

In addition, and as per Corporate Governance Requirements, a fully certified and independent auditor (Crowe Al-Muhanna and Co) was appointed to carry out the evaluation and review of the Company's Internal Control Systems and for the preparation of the Internal Control Review Report (ICR), which is to be submitted to the CMA within 90 days of the end of the fiscal year 2024. Further, the Company is working to appoint a separate independent auditor to conduct the review and evaluation of the Internal Audit Function for the previous three years and issue the Quality Assurance Review Report (QAR) to be provided to both the Board of Directors and Board Risk and Audit Committee, in accordance with Article 6-9 of Module 15 - Corporate Governance - of the Executive Regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments.

5.4 Independent Unit for Internal Audit and Controls

On 22 June 2016, UPAC obtained approval from the CMA in order to outsource the Internal Audit Function to its Parent Company. The Parent currently enjoys a fully established, independent and integrated system of Internal Audit and Controls, tasked with carrying out audits in accordance with plans set and approved by the Board of Directors. The Internal Audit Department is responsible for setting the internal audit schedule, conducting the actual internal audit, and providing final reports and recommendations to the Board Audit Committee for recommendation to the Board of Directors for final approval.

PILLAR 6: PROMOTE CODE OF CONDUCT AND ETHICAL STANDARDS

6.1 Code of Conduct and Business Ethics

The Company has developed a Code of Conduct that has been ratified and approved by the Board of Directors. The Code is intended to serve as a guiding principle for Members of the Board and Executive Management with regards to proper and ethical business conduct. The Code of Conduct covers the professional standards and ethical values applicable to clients, suppliers and stakeholders alike, both internally and externally. It also serves to enhance and uphold the qualities of integrity, impartiality and discretion. Board members are thus expected to exercise good judgment, to ensure the interests, safety and welfare of customers, employees and other stakeholders are met and to maintain a cooperative, efficient, and positive work environment. The Code also establishes a certain set of standards in dealing with issues related to insider trading, dealings with related parties, conflicts of interest and whistle blowing procedures. Furthermore, all Board Members, Executive Management and employees are expected to abide by the Code of Conduct and apply the highest ethical standards during the performance of their duties and responsibilities.

6.2 Mitigate Conflicts of Interest

The Board of Directors adopted a Conflict-of-Interest Policy aimed at ensuring that appropriate procedures are applied to identify and deal effectively with cases of conflicts of interest. It also ensures that the Board of Directors deals with conflicts of interest that exist and that all decisions are taken in the best interests of the Company. This policy is an integral part of the Company's full commitment to integrity and fairness in dealing with stakeholders. The policy also highlights the concept of conflict of interest, the basis of dealing with them, how to manage conflicts of interest through established examples, parties whose interests might conflict with the Company, and the roles of the Board of Directors, Executive Management and internal audit in this respect. The policy also reviewed procedures for dealing with conflicts of interest and disclosure mechanisms.

PILLAR 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURES

7.1 Accurate and Transparent Disclosures

Accurate disclosures form the basic foundation for tracking the Company's activities and for evaluating performance, whether this is carried out by current shareholders, potential investors or the general public. Given the importance of information accuracy and transparency, the Board of Directors has developed a Disclosure Policy outlining standard rules and procedures to be applied when disclosing pertinent information. The Disclosure Policy has been developed in compliance with the provisions of the Corporate Governance laws as well as in conformity to Module 10 – Disclosure and Transparency - of the Executive Regulations of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments. The Company also reviews the applicable disclosure policy periodically and makes sure to include any amendments issued by the regulatory authorities therein.

7.2 Disclosure Records for Members of the Board of Directors, Executive Management and Managers

The Company maintains a detailed disclosure register which includes and monitors all disclosure records for Board Members, Executive Management and Managers as well as all other information related to bonuses, salaries, incentives and other benefits. The Company regularly reviews and updates the disclosure data and records in order to accurately reflect the related parties' position.

7.3 Formation of an Investor Relations Unit

The Company established a separate Investor Relations Unit in charge of establishing and monitoring disclosures. This unit is responsible for the overall provision of necessary data, information and reports for the benefit of current shareholders as well as potential investors. The Investor Relations Unit enjoys a certain level of independence, and this allows it to perform its duties and provide accurate and timely information through well-established disclosure systems, including the corporate website

7.4 Development of a Solid Information Technology Framework

The Company has developed solid IT systems in order to support its disclosure process, as well as to enhance further communication with its shareholders, investors and stakeholders. The corporate website has been developed in line with Corporate Governance regulations and has thus dedicated a specific tab covering 'Investor Relations. This section covers all previous and current disclosures and provides a breadth of information and other pertinent data to enable potential investors and shareholders to exercise their rights and accurately evaluate the Company's performance.

PILLAR 8: PROTECTION OF SHAREHOLDERS RIGHTS

8.1 Protection of Shareholders Rights

The Company's Articles of Association and internal policies and procedures include the necessary controls required for the protection of shareholders' rights and to ensure their fair and equal treatment, in line with applicable laws and regulatory instructions issued in this regard.

8.2 Shareholders Information

For the accurate and continuous follow up of shareholders data, the Company formed a special register "The Shareholders Register" to be maintained and updated with the specified clearing agency – the Kuwait Clearing Company (KCC). This register includes names of shareholders, nationalities and details of the number of shares they hold. The KCC also makes amendments to the existing data and records in its register. Data incorporated in the shareholders register is treated with the greatest degree of protection and confidentiality in line with applicable laws and regulations.

8.3 Participate and Vote in the Company's General Assemblies

Participation in the Annual General Meeting (AGM) is one of the basic rights for all shareholders and thus shareholders are encouraged to attend and actively participate in these annual meetings. In order to ensure the full extent of shareholder participation, certain measures are taken by the Company when calling for its AGM including extending formal notices calling for its date, time and location, as well as sharing agenda items for discussion, as per applicable laws and regulations.

PILLAR 9: RECOGNIZE THE ROLES OF STAKEHOLDERS

9.1 Protection and Recognition of Stakeholders Rights

The Company has developed policies to govern the roles of stakeholders. Such policies include the adoption of certain procedures implemented to ensure the protection and recognition of stakeholders' rights. These include fair and equal treatment without prejudice in line with applicable laws, and pursuant to the relevant executive regulations and regulatory controls.

9.2 Stakeholders Incentives to Participate in Tracking the Various Activities of the Company

Stakeholders are encouraged to stay updated and participate in monitoring the different activities of the Company through Company news, applicable disclosures, and facilitating their reporting to the Company's board of directors in safe ways about any improper practices they may be exposed to by the Company, if any.

PILLAR 10: ENCOURAGE AND ENHANCE PERFORMANCE IMPROVEMENT

10.1 Continuous Training Programs

One of the key elements of Corporate Governance includes implementing policies to ensure that Members of the Board and Executive Management obtain access to continuous training programs and are up to date with the latest business developments. A qualified and functioning Board is one of the key components of a successful business, and for this reason the Company has developed certain procedures to allow Board Members and Executive Management to attend relevant training programs in order to further enhance and strengthen their experience, administrative and organizational skills. The following are some of the courses attended by Board Members and Executive Management during the course of 2024:

- Human Trafficking
- Records Management
- XBRL Electronic Disclosure System

10.2 Evaluation of the Performance of the Board Members and Executive Management

In order to continually monitor and ensure applicability, the Company has worked on developing certain mechanisms for the evaluation of the performance of the Members of the Board of Directors, Committees and Executive Management. Performance evaluations are carried out regularly against a set of agreed key performance indicators related to the Company's strategic objectives. Such indicators reflect the performance of Members of the Board and Executive Management and seek to identify areas of strengths and deficiencies to tailor future training needs accordingly.

10.3 Board of Directors Effort towards "Value Creation"

Board Members' performance should promote value creation principles among their employees. The Company has worked to adopt certain modern technology systems for the evaluation of employees' performance under the 'Management by Objectives system. Such an evaluation is performed at the beginning of the year, setting clear targets and objectives for each employee based on his / her job requirements, with progress monitored throughout the year. The Company believes in the importance of encouraging employees to act productively and to continue to enhance performance levels and has thus established a process whereby employee efforts are recognized and appreciated.

PILLAR 11: IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY

11.1 Balance between the Objectives of the Company and of Society

Corporate Social Responsibility (CSR) forms an important part of the Company's commitment to act ethically and to contribute to the achievement of sustainable development. An internal policy based on the importance of CSR has thus been developed with the aim of highlighting social responsibility and creating a balance between the objectives of the Company and those of society.

11.2 The Company's Efforts within Corporate Social Responsibility

Various policies and mechanisms have been adopted during the year to highlight the efforts of the Company within the CSR framework. UPAC is keen to support social responsibility measures in accordance with its strategic objectives and responsibilities, be it through environmental support, charitable events or other acts supporting the local community. For further information about the different social responsibility initiatives sponsored by the Company, please visit our website at *www.upac.com.kw*

APPENDIX (A) - DECLARATION OF THE INDEPENDENT BOARD MEMBER

DECLARATION OF THE INDEPENDENT BOARD MEMBER **UNITED PROJECTS FOR AVIATION SERVICES COMPANY KSCP**	UPAC UNITED PROJECTS CO. FOR AVIATION SERVICES | K.S.C.P

Kuwait on 01st January 2025

I, the undersigned, Zuhair Abdul-Mohsen Musallam Al-Zamel, a Kuwaiti national, and I hold civil ID No. in my capacity as an independent member of the Board of Directors of United Projects for Aviation Services Company K.S.C.P. (the **"Company"**) that I am fully aware of the independency conditions contained in the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments, as I acknowledge the following:

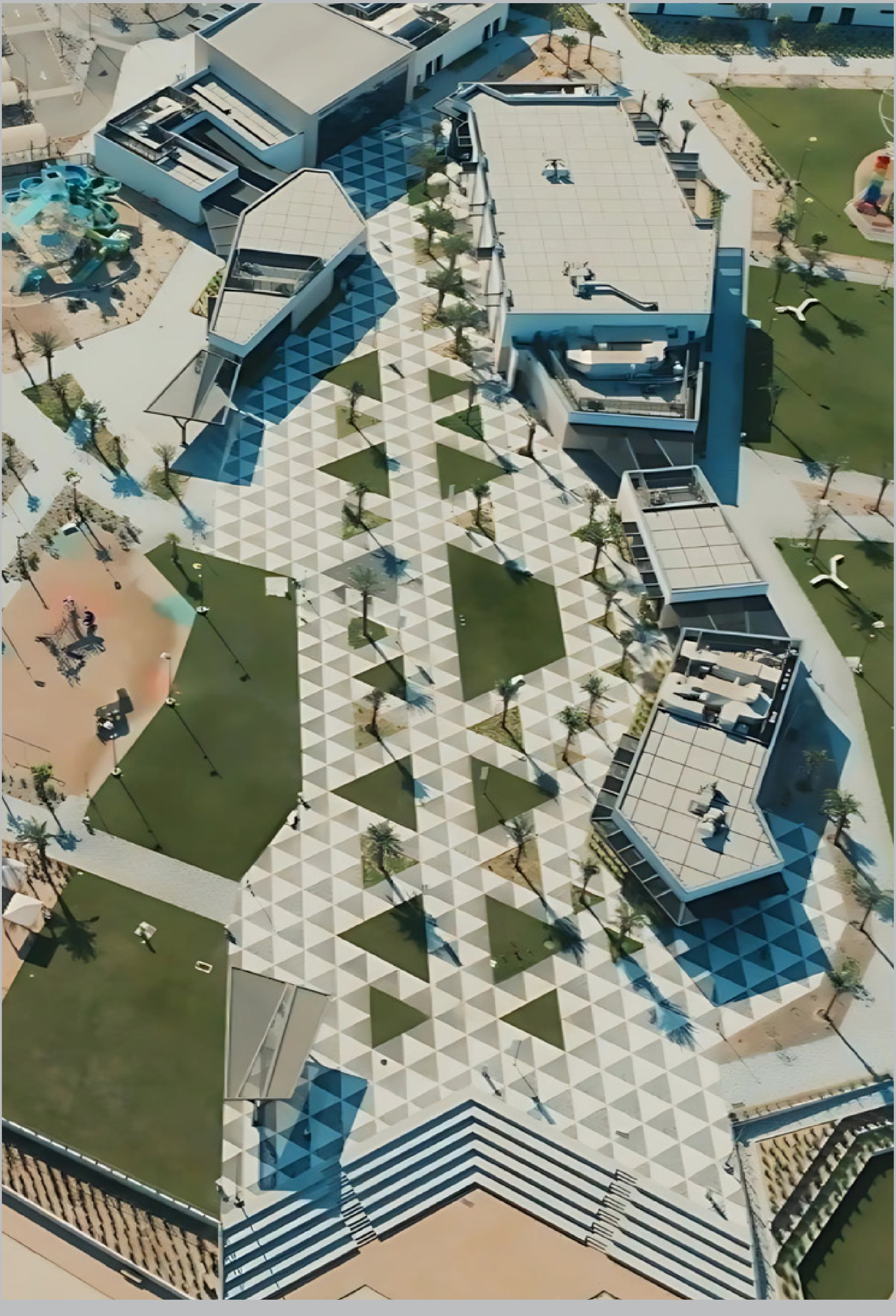
1. I do not own 5% or more of the Company's shares, and I do not represent any of the shareholders who own 5% or more of the Company's share capital.
2. I have no first-degree relationship with any of the Company's members of the board of directors or the executive management or any of the group entities or the main parties related to the Company or its subsidiaries.
3. I am not a member of the board of directors of any of the group companies.
4. I am not an employee of the Company or of any of the group entities, or of any of the Company's stakeholders.
5. I am not an employee of a corporate/ legal person who has controlling stakes in the Company.
6. I have no interest or relationship with the Company that may affect my independence, and I declare that I am aware of the duties and responsibilities of the independent member, and I also undertake to inform the Board of Directors immediately of any change that may affect my independence in accordance with the above criteria.

Acknowledged by,

Name: Zuhair Abdul-Mohsen Musallam Al-Zamel

Signature: ____________________

Date: 01st January 2025



INDEPENDENT
AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of United Projects Company For Aviation Services K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as 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 *Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (*including International Independence Standards*) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Valuation of a financing arrangement

The Group has started financing a related party since 2014 for constructing and developing a mega commercial mall in UAE ("Project") through a complex financing arrangement. As the terms of the agreement are critical for assessing the classification of this arrangement and the valuation of amounts due from an associate, the management evaluates these terms. The financing arrangement is classified as a debt instrument at fair value through profit or loss. The management assessed the fair value of the financing arrangement based on the fair value of the Project at the reporting date using the discounted cash flow method that requires the use of various unobservable inputs. Given the significance of the Project and the complexity and estimation uncertainty involved in the valuation of the financing arrangement, we have identified the valuation of the financing arrangement as a key audit matter.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C.P. (continued)

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

Valuation of a financing arrangement (continued)
As part of our audit procedures, among others, we have evaluated the terms of various agreements entered by the Group in relation to this Project to assess the appropriateness of the accounting treatment, classification and disclosure of all aspects of the financing arrangements to date. We have tested a sample of the material contributions made during the year to finance the Project by tracing them to supporting evidence and comparing it with the contractual terms of the agreements. For the valuation of the Project, we involved our internal valuation specialists to assist us in evaluating the appropriateness of the methodology used and challenging of the assumptions and judgements applied by management. We evaluated the adequacy of the Group's disclosures concerning the loan to an associate in Note 14 to the consolidated financial statements, including disclosures of key assumptions, judgements and sensitivities in Note 20.

Other information included in the Group's 2023 Annual Report
Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C.P. (continued)

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

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

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

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

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

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C.P. (continued)

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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

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

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

26 March 2025
Kuwait

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General Aviation Terminal
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CONSOLIDATED
FINANCIAL STATEMENTS

UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C.P. AND SUBSIDIARIES

United Projects Company for Aviation Services K.S.C.P and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
Revenue	5	8,570,298	10,140,177
Operating costs		(1,410,807)	(1,169,320)
GROSS PROFIT		7,159,491	8,970,857
General and administrative expenses		(2,173,561)	(1,803,501)
Salaries and employee benefits		(1,420,507)	(1,317,223)
Fair valuation loss on loan to an associate	14	-	(3,073,029)
Share of results of an associate	7	(1,806,070)	(1,649,374)
Other income		12,965	1,747,685
Profit before interest, taxation, depreciation and amortisation ("EBITDA")		1,772,318	2,875,415
Depreciation		(1,760)	(9,880)
Amortisation	8	(509,333)	(1,237,955)
Profit before interest and taxation ("EBIT")		1,261,225	1,627,580
Interest income		248,588	82,624
Finance cost		(444,307)	(51,691)
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		1,065,506	1,658,513
Contribution to KFAS		(8,973)	(7,170)
NLST		(23,650)	(27,376)
Zakat		(7,407)	(9,360)
PROFIT FOR THE YEAR		1,025,476	1,614,607
Attributable to:			
Equity holders of the Parent Company		956,934	1,532,254
Non-controlling interest	4	68,542	82,353
		1,025,476	1,614,607
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	6	2.53 Fils	4.06 Fils

The attached notes 1 to 20 form part of these consolidated financial statements.

United Projects Company For Aviation Services K.S.C.P and Subsidiaries
CONSOLIDATED STATEMENT OF COMPREHESIVE INCOME
For the year ended 31 December 2024

	2024 KD	*2023 KD*
Profit for the year	**1,025,476**	1,614,607
Other comprehensive (loss) income:		
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:		
Foreign currency translation adjustment	**8,762**	16,526
Share of other comprehensive loss of an associate	**(145,460)**	(105,043)
Other comprehensive loss for the year	**(136,698)**	(88,517)
Total comprehensive income for the year	**888,778**	1,526,090
Attributable to:		
Equity holders of the Parent Company	**820,236**	1,443,737
Non-controlling interests	**68,542**	82,353
Total comprehensive income for the year	**888,778**	1,526,090

The attached notes 1 to 20 form part of these consolidated financial statements.

United Projects Company for Aviation Services K.S.C.P and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2024 KD	2023 KD
ASSETS			
Non-current assets			
Property and equipment		112,564	603
Intangible assets	8	22,650,155	82,080
Investment in an associate	7	-	1,942,768
Loan to an associate	14	248,530,607	215,232,121
		271,293,326	217,257,572
Current assets			
Accounts receivable and other assets	9	1,889,669	2,106,658
Cash and cash equivalents	10	9,660,825	6,715,364
		11,550,494	8,822,022
TOTAL ASSETS		282,843,820	226,079,594
EQUITY AND LIABILITIES			
Equity			
Share capital	11 (a)	38,250,000	38,250,000
Share premium		48,605,000	48,605,000
Statutory reserve	11 (b)	7,416,960	7,317,263
Treasury shares	12	(1,544,594)	(1,544,594)
Other reserve		(111,480)	33,980
Foreign currency translation reserve		56,401	47,639
Retained earnings		12,991,934	12,134,697
Equity attributable to equity holders of the Parent Company		105,664,221	104,843,985
Non-controlling interest	4	1,139,845	1,071,303
Total equity		106,804,066	105,915,288
Non-current liabilities			
Accounts payable and other liabilities	13	22,242,974	808,002
Employees' end of service benefits		771,392	859,367
		23,014,366	1,667,369
Current liabilities			
Accounts payable and other liabilities	13	8,220,831	6,990,866
Loan from a related party	14	144,804,557	111,506,071
		153,025,388	118,496,937
Total liabilities		176,039,754	120,164,306
TOTAL EQUITY AND LIABILITIES		282,843,820	226,079,594

Tarek Ibrahim Mohammad Al Mousa
Chairman

Hamad Adnan Eisa Malallah
CEO & Vice Chairperson

The attached notes 1 to 20 form part of these consolidated financial statements.

United Projects Company for Aviation Services K.S.C.P and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	*2024 KD*	*2023 KD*
OPERATING ACTIVITIES			
Profit for the year before KFAS, NLST and Zakat		**1,065,506**	1,658,513
Adjustments for:			
Depreciation		**1,760**	9,880
Amortisation	8	**509,333**	1,237,955
Provision for employees' end of service benefits		**134,215**	130,755
Fair valuation decrease on loan to an associate	14	**-**	3,073,029
Share of results of an associate	7	**1,806,070**	1,649,374
Interest income		**(248,588)**	(82,624)
Net (reversal of) allowances for expected credit losses	9	**54,428**	(577,527)
Finance cost		**444,307**	51,691
		3,767,031	7,151,046
Working capital adjustments:			
Accounts receivable and other assets		**169,993**	1,129,348
Accounts payable and other liabilities		**(819,586)**	(3,028,229)
		3,117,438	5,252,165
Employees' end of service benefits paid		**(222,190)**	(18,555)
Taxes paid		**(77,222)**	(68,464)
Net cash flows from operating activities		**2,818,026**	5,165,146
INVESTING ACTIVITIES			
Purchase of property and equipment		**(113,721)**	(1,121)
Additions to intangible assets	8	**-**	(590)
Loan to an associate	14	**(33,298,486)**	(36,820,019)
Interest income received		**241,156**	79,763
Net cash flows used in investing activities		**(33,171,051)**	(36,741,967)
FINANCING ACTIVITIES			
Net movement of amount due to a related party		**33,298,486**	33,820,000
Net cash flows from financing activities		**33,298,486**	33,820,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,945,461**	2,243,179
Cash and cash equivalents as at 1 January		**6,715,364**	4,472,185
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	10	**9,660,825**	6,715,364

The attached notes 1 to 20 form part of these consolidated financial statements.

United Projects Company for Aviation Services K.S.C.P. and Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Attributable to equity holders of the Parent Company									
	Share Capital KD	*Share premium KD*	*Statutory reserve KD*	*Treasury shares KD*	*Other reserve KD*	*Foreign currency translation reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interest KD*	*Total KD*
As at 1 January 2024	38,250,000	48,605,000	7,317,263	(1,544,594)	33,980	47,639	12,134,697	104,843,985	1,071,303	105,915,288
Profit for the year	-	-	-	-	-	-	956,934	956,934	68,542	1,025,476
Other comprehensive (loss) income for the year	-	-	-	-	(145,460)	8,762	-	(136,698)	-	(136,698)
Total comprehensive (loss) income for the year	-	-	-	-	(145,460)	8,762	956,934	820,236	68,542	888,778
Transfer to statutory reserve	-	-	99,697	-	-	-	(99,697)	-	-	-
As at 31 December 2024	**38,250,000**	**48,605,000**	**7,416,960**	**(1,544,594)**	**(111,480)**	**56,401**	**12,991,934**	**105,664,221**	**1,139,845**	**106,804,066**
As at 1 January 2023	38,250,000	48,605,000	7,159,646	(1,544,594)	139,023	31,113	10,760,060	103,400,248	988,950	104,389,198
Profit for the year	-	-	-	-	-	-	1,532,254	1,532,254	82,353	1,614,607
Other comprehensive (loss) income for the year	-	-	-	-	(105,043)	16,526	-	(88,517)	-	(88,517)
Total comprehensive (loss) income for the year	-	-	-	-	(105,043)	16,526	1,532,254	1,443,737	82,353	1,526,090
Transfer to statutory reserve	-	-	157,617	-	-	-	(157,617)	-	-	-
As at 31 December 2023	38,250,000	48,605,000	7,317,263	(1,544,594)	33,980	47,639	12,134,697	104,843,985	1,071,303	105,915,288

The attached notes 1 to 20 form part of these consolidated financial statements.

United Projects Company for Aviation Services K.S.C.P and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

1 ACTIVITIES AND CORPORATE INFORMATION

The consolidated financial statements of the United Projects Company for Aviation Services K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2024 were authorised for issue by the board of directors on 26 March 2025. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the annual general assembly meeting (AGM).

United Projects Company for Aviation Services K.S.C.P. (the "Parent Company") was established as a closed Kuwaiti shareholding company on 4 December 2000. The Parent Company's registered address is Kuwait International Airport, P.O. Box 27068 Safat 13131, State of Kuwait. The main objectives of the Parent Company are:

- Providing airplane ground and cleaning services and supply of water and other airplane supplies;
- Leasing out airplanes;
- Tourism, travel and cargo shipment services;
- Managing projects;
- Investing surplus funds in investment portfolios managed by specialised institutions;
- The right to participate with other firms, which operate in the same field or those, which would assist in achieving its objectives in Kuwait or abroad, and to purchase those firms or participate in their equity.
- Management and development of real estate activities including real estate consultancy services;
- General trading of construction materials, equipment and real estate;
- To own, lease and rent out land and real estate properties;
- Sharing in executing the infrastructure for the housing, trading and industrial projects and manage real estate facilities under BOT regulations.

The Parent Company is listed on Boursa Kuwait and is a subsidiary of PWC Aviation Services Company K.S.C. (Closed) ("Intermediate Parent Company"), which is a subsidiary of Agility Public Warehousing Company K.S.C.P. ("Ultimate Parent Company"), which is also listed on Boursa Kuwait.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES

2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for loan to an associate that has been measured at fair value.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

New standards, interpretations, and amendments adopted by the Group
Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the consolidated financial statements of the Group.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New standards, interpretations, and amendments adopted by the Group (continued)

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

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

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

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

The amendments had no impact on the classification of the Group's liabilities.

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

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

2.3 STANDARDS ISSUED BUT NOT EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards issued is those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

Lack of exchangeability – Amendments to IAS 21
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 Group's consolidated 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.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.3 STANDARDS ISSUED BUT NOT EFFECTIVE (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of consolidation

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recognized at fair value.

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As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

The consolidated financial statements of the Group include:

Name of the company	*Country of incorporation*	*Principal activity*	Effective % equity interest	
			2024	2023
Royal Aviation Company K.S.C. (Closed) ("RAC")	Kuwait	Management and services	**66.57**	66.57
UPAC United Real Estate Company K.S.C.C. ("UREC")	Kuwait	Real estate and property development	**100.00**	100.00
Al Arfaj Real Estate Company K.S.C. (Closed) ("Arfaj")[1]	Kuwait	Real estate and property development	**100.00**	100.00
Held indirectly through Arfaj				
Arfaj Limited	United Arab Emirates	Real estate and property development	**100.00**	100.00

Revenue recognition

Revenue is recognised either at a point in time or overtime, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in rental revenue in the consolidated statement of income due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Services income

The Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning and security), as well as other services such as aircraft ground handling. The consideration charged for these services includes fees charged based on a percentage and reimbursement of certain expenses incurred. These services are separately invoiced.

Interest income

Interest income is recognised at it accrues using the effective interest rate method

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2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Taxation
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)
The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries 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 (184/2022).

National Labour Support Tax (NLST)
The Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Zakat
Contribution to Zakat is calculated at 1% of the profit of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The estimated useful lives of intangible assets are as follows:

Commercial complex of Kuwait International Airport	20 years
Kuwait Airways Terminal-4 Parking project*	5 years
Sheikh Saa'd Terminal*	12 years
Messillah Beach Project	17 years

*Fully amortised

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Service concession arrangements

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided.

Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

When concession grantor or the delegating authority requires fixed payments in return for the right to use of pre-existing infrastructure, the Group applies the following in respect to the fixed payments:

- the recognition of a liability equal to the present value of payments over the term of the concession arrangement;
- offset by the recognition of an intangible asset, where the concession arrangement is recognized using the "intangible asset model", representing the right to charge users of the public service.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

Investment in an associate

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

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of income reflects the Group'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 Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and 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.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

Impairment losses of continuing operations are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

Financial assets

Initial recognition and measurement

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets.

Business model assessment

The Group determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)
The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

'Interest' is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cashflows that are unrelated to a basic lending arrangement do not give rise to contractual cashflows that are solely payment of principal and interest. In such cases, the financial asset is measured at fair value through profit or loss.

The Group has determined the classification and measurement of its financial assets as follows:

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

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

Financial assets carried at fair value through profit or loss (FVTPL)
Financial assets in this category are those assets, which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument as FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the consolidated statement of income. Interest income is recognised using the effective interest method. Dividend income from equity investments measured at FVTPL is recognised in the consolidated statement of income when the right to the payment has been established.

Loan to an associate is classified as financial assets carried at FVTPL since the contractual cash flows of these securities are not solely payments of principal and interest on the principal outstanding.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition of financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

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

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include loans and borrowings and accounts payable and other liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR).

Accounts payable and other liabilities
Liabilities are recognised for amounts the Group obligated to pay in the future for goods or services received, whether billed by the supplier or not.

Derecognition
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

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

Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as result of a past event, and 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be incurred to settle the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement.

Contingencies
Contingent liabilities are not recognised on the consolidated statement of financial position. They are disclosed in the consolidated financial statement unless the possibility of an outflow of resources embodying economic benefits is remote.

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

Treasury shares
Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Any realised losses are recognised in treasury share reserve or share premium reserve to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to the reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Employees' end of service benefits
The Group provides end of service benefits to all its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.
Further, with respect to its national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

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

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in 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 PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported 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.

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

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

Equity accounting of entities in which the Group holds less than 20% holding.
The Group assessed that the voting rights in Naples Topco Limited ("Naples") are dominant factor in deciding who has significant influence on entity. The Group has a representation on Naples's board of directors and the Group's consent is required for all major operational decisions. Accordingly, the Group has considered the significant influence achieved through absolute voting rights is sufficient to give it the practical ability to direct the relevant activities of the investee company, despite the fact they have less than 20% holding.

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 to the consolidated financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of associates
The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of financial assets at amortised cost

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

Useful lives of intangible assets

Management of the Group assigns useful lives to intangible assets based on the intended use of assets and the economic lives of those assets. Subsequent changes in circumstances such as prospective utilisation of the assets concerned could result in the actual useful lives differing from initial estimates.

Fair value measurement of financial assets

When the fair values of financial assets recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of unobservable inputs to reflect market conditions. Changes in assumptions about these factors could affect the reported fair value of financial assets.

Impairment of intangible assets

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

Factors that are considered important which could trigger an impairment review include the following:

- significant decline in the market value which would be expected from the passage of time or normal use
- significant changes in the technology and regulatory environments
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

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4 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name of the company	*Country of incorporation*	*Principal activity*	*Ownership %*	
			2024	*2023*
Royal Aviation Company K.S.C. (Closed) ("RAC")	Kuwait	Management and services	**33.43**	33.43

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	RAC 2024 KD	*RAC 2023 KD*
Summarised statement of income for the year ended 31 December:		
Revenues	**1,199,331**	1,185,467
Operating costs	**(783,322)**	(788,466)
Net operating expenses	**(292,819)**	(229,015)
Other income	**1,172**	306
EBITDA	**124,362**	168,292
Depreciation and amortization	**-**	(650)
Interest income	**83,752**	81,090
Zakat	**(3,083)**	(2,388)
Profit for the year	**205,031**	246,344
Total comprehensive profit for year	**205,031**	246,344
Attributable to non-controlling interests	**68,542**	82,353

Summarised statement of financial position as at 31 December:

	RAC 2024 KD	*RAC 2023 KD*
Intangible asset and other non-current assets (non-current)	**2,867,638**	2,783,886
Accounts receivable and other assets and cash and cash equivalents (current)	**1,002,935**	955,496
Employees' end of service benefits (non-current)	**(55,990)**	(60,538)
Accounts payable and other liabilities (current)	**(405,109)**	(474,401)
Total equity	**3,409,474**	3,204,443
Attributable to:		
Equity holders of Parent Company	**2,269,629**	2,133,140
Non-controlling interest	**1,139,845**	1,071,303

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4 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Summarised cash flow information for year ended 31 December:

	RAC 2024 KD	*RAC 2023 KD*
Operating cash flows	**136,148**	(555,349)
Net increase (decrease) in cash and cash equivalents	**136,148**	(555,349)

5 REVENUE

5.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's rental and services revenue:

	2024 KD	*2023 KD*
Rental revenue	**4,807,271**	4,963,128
Service revenue	**3,763,027**	5,177,049
	8,570,298	10,140,177

5.2 Contract balances

	2024 KD	*2023 KD*
Trade receivables (Note 9)	**1,504,610**	1,564,949
Contract liabilities (Note 13)	**783,035**	810,635

6 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the year (excluding treasury shares).

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

	2024 KD	*2023 KD*
Profit for the year attributable to equity holders of the Parent Company	**956,934**	1,532,254
Weighted average number of paid-up shares	**382,500,000**	382,500,000
Weighted average number of treasury shares	**(4,824,307)**	(4,824,307)
Weighted average number of shares, less treasury shares, outstanding during the year	**377,675,693**	377,675,693
Basic and diluted earnings per share	**2.53 Fils**	4.06 Fils

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As there are no dilutive instruments outstanding, basic and diluted profit per share are identical. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements.

7 INVESTMENT IN AN ASSOCIATE

The Group has following investment in associate:

Name of company	*Country of incorporation*	*Effective interest in equity*		*Year-end*	*Principal activities*
		2024	*2023*		
Naples Topco Limited	UAE	**9.47%**	9.47%	31 December	Real estate activities

Summarised financial information of the associate is as follows:

	2024 KD	*2023 KD*
Non-current assets	**358,969,081**	410,351,414
Current assets	**41,911,167**	34,383,081
Non-current liabilities	**(481,214,080)**	(397,784,199)
Current liabilities	**(29,862,309)**	(26,435,323)
Equity	**(110,196,141)**	20,514,973
Proportion of the Group's ownership	**9.47%**	9.47%
Carrying value of the investment in associate	**-**	1,942,768
Loss for the year	**(49,606,471)**	(17,416,832)
Group's share in the loss for the year*	**(1,806,070)**	(1,649,374)
Other comprehensive loss for the year	**(1,536,007)**	(1,109,219)
Group's share in other comprehensive loss	**(145,460)**	(105,043)

* The entity incurred losses in which are in excess of the Group's interest in the associate. Accordingly, the Group discontinued recognising its share of further losses to the extent that reduces its interest in the associate to zero.

The movement in the carrying amount of the investment in an associate during the year is as follows:

	2024 KD	*2023 KD*
As at 1 January	**1,942,768**	3,680,659
Share of results	**(1,806,070)**	(1,649,374)
Share of other comprehensive loss	**(145,460)**	(105,043)
Foreign currency translation adjustment	**8,762**	16,526
As at 31 December	**-**	1,942,768

8 INTANGIBLE ASSETS

Intangible assets represent cost incurred on the construction of Messila Beach Project, Sheikh Saa'd Terminal, car park and commercial complex of Kuwait International Airport and Kuwait Airways Terminal 4 car park in accordance with Built-Operate-Transfer (BOT) agreement with the government of Kuwait and have useful life and amortised as disclosed in Note 2.4.

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8 INTANGIBLE ASSETS (continued)

	2024 *KD*	*2023* *KD*
Cost:		
As at 1 January	**46,753,675**	46,753,085
Additions	**23,077,408**	590
As at 31 December	**69,831,083**	46,753,675
Amortisation:		
As at 1 January	**46,671,595**	45,433,640
Charge for the year	**509,333**	1,237,955
As at 31 December	**47,180,928**	46,671,595
Net carrying amount:		
As at 31 December	**22,650,155**	82,080

Messila Beach Project
On 18 July 2024, the Group entered into an arrangement with Touristic Enterprises Company ("TEC") (the "Grantor") to operate the pre-existing gardens, parks and recreation centers located in Messila beach (the "Project"). The project is fully developed and built by the TEC. The contract term is for 17 years, and the project will be handed back to the Grantor at the end of the term. The project was handed over to the Group on 4 September 2024.

As at 31 December 2024, intangible assets include KD 22,650,155 relating to this arrangement and lease liabilities of KD 22,935,204, included in accounts payable and other liabilities, which represents the minimum fixed payments that will be paid by the Group to the Grantor over the term of the arrangement, discounted at a rate of 5%

The Ultimate Parent Company has provided guarantees amounting to KD 3,283,200 (2023: Nil) for Messila Beach Project on behalf of the Group. (Note 14)

Commercial complex of Kuwait International Airport
The Group had an agreement to operate a Built-Operate-Transfer (BOT) project for the construction of the car park and commercial complex of Kuwait International Airport. This was built on a leasehold land from the government of the State of Kuwait for 20 years which expired in May 2023. On 27 March 2024, the Group has signed the contract extension of the project with Directorate General of Civil Aviation of Kuwait ("DGCA") until 17 May 2024. On 1 May 2024, the Group received a letter from DGCA to continue operating the contract until 18 May 2025. DGCA is in the process of obtaining relevant approvals to formalize the extension. The Group's management remains confident that further extension of the contract is likely, and the final approval is a matter of finalizing various administrative formalities.

Kuwait Airways Terminal-4 Parking project
On 25 November 2018, the Group entered into a service concession arrangement with DGCA (the "Grantor") to operate a pre-existing parking and related facilities at the new Kuwait Airways dedicated Terminal 4 ("Facilities").

Under the terms of the agreement, the Group will operate and make facilities available to the public for a period of five years, starting from 9 February 2019. Subsequent to the year end, the contract period of 5 years has been completed and the Parent Company has handed over the project to the Grantor on 8 February 2024.

As at 31 December 2024, intangible assets include KD Nil (2023: KD 81,743) relating to this arrangement and liability of KD 1,515,430 (2023: KD 2,153,289) which represents the minimum fixed payments that will be paid by the Group to the Grantor over the term of the concession arrangement, discounted at a rate of 6%.

Lease liabilities for the period from August 2020 to June 2022 have not been settled as the Parent Company is in discussions with DGCA, to be granted a waiver of rent, as the operations were impacted by the pandemic.

8 INTANGIBLE ASSETS (continued)

On 7 January 2025, Incheon International Airport Corporation ("Incheon"), the primary contractor from whom this project was sub-contracted by the Group, filed a legal case against the Parent Company and DGCA, claiming KD 1,515,430 being due lease rentals as well as delay fines. Incheon has requested to appoint an expert to review the details of the case. The first hearing of 18 March 2025 is now postponed to 27 May 2025. As the lease liability was previously recorded, there is no impact on the consolidated financial statements of the Group for the year ended 31 December 2024.

Sheikh Saa'd Terminal
The Group had an agreement to operate a Built-Operate-Transfer (BOT) project for the construction of Sheikh Saa'd Terminal (the "terminal"). On 10 February 2022, the Group received a proposal with an extension until 27 September 2023, followed by another proposal received on 18 September 2023 to extend the contract until 27 December 2023. On November 30, 2023, the contract was further extended until 14 May 2024. On 13 May 2024, the Group received further annual extension until 14 May 2025.

9 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2024 KD	*2023 KD*
Rent receivables	**1,994,440**	2,020,388
Counter fee receivable	**869,472**	869,472
Less: Allowance for expected credit losses	**(1,359,302)**	(1,324,912)
	1,504,610	1,564,948
Amounts due from a related party (Note 14)	**8,491**	87,697
Other receivables	**32,439**	141,395
Advance to suppliers*	**277,208**	207,289
Prepayments	**66,921**	105,329
	1,889,669	2,106,658

* Advance to suppliers have been partially provided for by an amount of KD 139,000 (2023: KD 139,000)

Movements in the allowance for expected credit losses of receivables is as follows:

	2024 KD	*2023 KD*
As at 1 January	**1,324,912**	1,921,863
Charge for the year	**54,428**	85,998
Reversal	**-**	(663,525)
Amounts written off	**(20,038)**	(19,424)
As at 31 December	**1,359,302**	1,324,912

The net carrying value of trade receivables is considered reasonable approximation of fair value.

Note 18.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses on the Group's trade receivables. Other classes within accounts receivable do not contain impaired assets.

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10 CASH AND CASH EQUIVALENTS

	2024 KD	*2023 KD*
Cash and bank balances	**4,394,504**	4,698,702
Short-term deposits	**5,266,321**	2,016,662
Cash and cash equivalents	**9,660,825**	6,715,364

Short term deposits are denominated in KD and carry an effective interest rate of 3.5% (2023: 3.85%) per annum with maturity less than three months from reporting date.

11 SHARE CAPITAL AND RESERVES

a) Share capital

	2024 KD	*2023 KD*
Issued and paid-up share capital of 382,500,000 shares of 100 fils each (2023: 382,500,000 shares of 100 fils each)	**38,250,000**	38,250,000

	2024 Shares	*2023 Shares*
Authorised shares		
Ordinary shares of 100 fils each	**1,132,500,000**	1,132,500,000
Ordinary shares issued and fully paid		
As at 31 December 2024 and 2023	**382,500,000**	382,500,000

b) Statutory reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before tax and board of directors' remuneration shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors.

The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

12 TREASURY SHARES

	2024	*2023*
Number of treasury shares	**4,824,307**	4,824,307
Percentage of issued shares (%)	**1%**	1%
Market value (KD)	**747,768**	863,551
Cost (KD)	**1,544,594**	1,544,594

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

13 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2024 *KD*	*2023* *KD*
Lease liabilities (Note 8)	**24,450,634**	1,618,089
Accounts payable	**1,037,228**	1,266,812
Amounts due to related parties (Note 14)	**1,135,722**	980,566
Accrued expenses	**1,617,495**	1,613,475
KFAS payable	**15,988**	7,170
Contract liabilities *	**783,035**	810,635
Provision for staff leave	**100,906**	122,914
Tenant refundable deposits	**1,322,797**	1,379,207
	30,463,805	7,798,868
Classified as:		
Non-current liabilities	**22,242,974**	808,002
Current liabilities	**8,220,831**	6,990,866
	30,463,805	7,798,868

* Contract liabilities constitute rent received in advance by the Group from tenants in accordance with rental agreements.

The accounts payable and other liabilities balances above are non-interest bearing and are settled throughout the financial year.

For explanation on the Group's liquidity risk management process, refer to Note 18.3.

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14 RELATED PARTY DISCLOSURES

These represent transactions with related parties, i.e. major shareholders, associate, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions and balances and with related parties are as follows:

	Ultimate parent company KD	*Other related parties KD*	***2024 KD***	*2023 KD*
Consolidated statement of income:				
Revenues	-	215,003	**215,003**	102,809
Operating costs	-	(839,793)	**(839,793)**	(839,304)
General and administrative expenses	-	(120,522)	**(120,522)**	(100,545)
Finance cost	(53,223)	-	**(53,223)**	(4,005)

	Ultimate Parent Company KD	*Intermediate Parent Company KD*	*Other related parties KD*	***2024 KD***	*2023 KD*
Interim condensed consolidated statement of financial position:					
Loan to an associate 1	-	-	248,530,607	**248,530,607**	215,232,121
Amounts due from a related party	-	-	8,491	**8,491**	87,697
Amounts due to related parties (Included in accounts payable and other liabilities)	(1,051,470)	-	(84,252)	**(1,135,722)**	(980,566)
Loan from a related party 2	-	(144,804,557)	-	**(144,804,557)**	(111,506,071)

Amounts due from / to related parties are interest free and are receivable / payable on demand. Other related parties include entities under common control, except for loan to an associate.

[1] Loan to an associate represents amounts advanced by a subsidiary of the Group towards the construction and development of a commercial mall in UAE ("Project"). This amount bears compounded annual interest rates as per the loan agreement and carries with it the option, at the sole discretion of the Parent Company, to be converted to equity in the Project subject to the Project achieving certain operational targets. The Group has contributed KD 6,580,301 (2023: KD 6,580,301) in the equity of the Project out of the Group's capital commitment. The Ultimate Parent Company is also invested in the equity of the Project.

The Parent Company suspended the interest and has not recognised interest income of KD 30,092,851 for the year ended 31 December 2024 (31 December 2023: KD 24,043,118). The interest is suspended temporarily, and the Parent Company retains the right to reinstate it in the future.

[2] Loan from the Intermediate Parent Company carries no interest and is payable on demand. On 13 June 2023, the Parent company and Intermediate Parent Company signed a convertible loan agreement ('agreement') amounting to KD 125 million. The agreement has been revised to have a limit of KD 160 million as per the addendum signed on 8 August 2024. The utilized portion of the loan as of 31 December 2024 amounts to KD 144.8 million and the unutilized portion of the loan amounting to KD 15.2 million. The agreement grants the Intermediate Parent Company an option to convert the debt into new ordinary shares in the Parent Company in accordance with the terms of the agreement. The completion and execution of the conversion option of the existing debt, once exercised, will be subject to the approval of the relevant regulatory authorities and to the approval of Extra-ordinary General Meeting ('EGM') of the shareholders of the Parent Company. The Group is currently assessing its options to process the conversion, including calling for a share capital increase.

The Ultimate Parent Company has provided guarantees amounting to KD 3,283,200 (2023: Nil) for Messila Beach Project on behalf of the Group. (Note 15)

14 RELATED PARTY DISCLOSURES (continued)

Movement in loan to an associate during the year is as follows:

	2024 KD	*2023 KD*
As at 1 January	**215,232,121**	181,485,131
Additional contribution	**33,298,486**	36,820,019
Fair valuation decrease on loan to an associate*	**-**	(3,073,029)
	248,530,607	215,232,121

* During the year, the Group has recognized a fair valuation loss on loan to an associate amounting to nil (2023: KD loss of 3,073,029) in the consolidated statement of income.

The fair value hierarchy of loan to an associate at 31 December 2024 and 2023 is disclosed in Note 20.

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

	2024 KD	*2023 KD*
Short-term benefits	**403,503**	404,864
Employees' end of service benefits	**47,472**	53,040
	450,975	457,904

15 COMMITMENTS AND CONTINGENCIES

Capital commitments
The Shaikh Saad Terminal, Car park and commercial complex of Kuwait International Airport (Note 8) are constructed in accordance with service concession agreement. The payments for the future periods are as follows:

	2024 KD	*2023 KD*
Within one year	**235,579**	235,579
	235,579	235,579

Contingencies
As at 31 December 2024, the Group had contingent liabilities, amounting to KD 642,554 (2023: KD 528,076), in respect of bank guarantees arising in the ordinary course of business.

16 DIVIDENDS AND BOARD OF DIRECTORS' REMUNERATION

At the Board of Directors meeting held on 26 March 2025, the directors proposed not to distribute cash dividends for the year ended 31 December 2024 (31 December 2023: Nil), which is subject to approval by the shareholders at the Annual General Meeting of the Parent Company. The directors also recommended no Board of Directors' remuneration (2023: KD Nil).

The shareholders of the Parent Company at the AGM held on 23 May 2024 approved the consolidated financial statements for the year ended 31 December 2023. No dividends were declared by the shareholders at the AGM.

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17 SEGMENTAL INFORMATION

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, taxation is managed on a Group basis and is not allocated to operating segments.

For management purposes, the Group is organised in two operating segments: i) Investments: consists of investing in Reem Mall and surplus funds in investment portfolios. ii) Service operations: consists of managing projects and providing airplane ground and cleaning services and other service facilities.

	Investments		*Services operations*		*Total*	
	2024 KD	*2023 KD*	*2024 KD*	*2023 KD*	*2024 KD*	*2023 KD*
Segment revenues	248,588	82,624	8,583,263	11,887,862	8,831,851	11,970,486
Segment (loss) profit	(1,617,692)	(4,647,798)	2,683,198	6,306,311	1,065,506	1,658,513
Unallocated expenses					(40,030)	(43,906)
Profit for the year					1,025,476	1,614,607
Salaries and employees benefits	-	-	(1,420,507)	(1,317,223)	(1,420,507)	(1,317,223)
Share of result of an associate	(1,806,070)	(1,649,374)	-	-	(1,806,070)	(1,649,374)
Depreciation and Amortisation	-	-	(511,093)	(1,247,835)	(511,093)	(1,247,835)
Assets	253,813,358	219,191,551	29,030,462	6,888,043	282,843,820	226,079,594
Liabilities	144,804,557	111,506,071	31,235,197	8,658,235	176,039,754	120,164,306

	Investments		*Services operations*		*Total*	
	2024 KD	*2023 KD*	*2024 KD*	*2023 KD*	*2024 KD*	*2023 KD*
Other disclosures						
Intangible assets additions	-	-	-	590	-	590
Property and equipment additions	-	-	113,721	1,121	113,721	1,121
Investment in an Associate	-	1,942,768	-	-	-	1,942,768

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18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise accounts payable and other liabilities and loans and borrowings. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include accounts receivable and other assets and cash and cash equivalents that derive directly from its operations, including loan to an associate which is represents the Group's investment in the Project (Note 14).

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

18.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest rate risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the KD.

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

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its loan to an associate in foreign currency.

Foreign currency sensitivity

The following tables demonstrate the effect of a reasonably possible change in the aforementioned exchange rates, with all other variables held constant. The impact on the Group's profit for the year due to changes in the fair value of monetary assets and liabilities is as follows:

Currency	***Change in exchange rate***	*Effect on profit or loss for the year*	
		2024	*2023*
		KD	*KD*
AED	+5%	**12,426,530**	10,761,606

An equivalent decrease in each of the aforementioned currencies against the KD would have resulted in an equivalent but opposite impact.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loan to an associate and its term deposits.

The Group's policy is to manage its interest cost by availing competitive credit facilities from local financial institutions and constantly monitoring interest rate fluctuations.

Interest rate sensitivity

A reasonably possible change of 100 basis points in interest rates at the reporting date would have resulted in a increase / decrease in profit for the year by KD 2,537,969 (2023: increase / decrease profit for the year by KD 2,172,488). This analysis assumes that all other variables, remain constant.

18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

18.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily rental income receivables), including cash at banks and other financial instruments.

The Group's policy is to closely monitor the creditworthiness of the counterparties. In relation to rental income receivable, management assesses the tenants according to Group's criteria prior to entering into lease arrangements. The credit risk on bank balances and term deposits is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies.

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

	2024 *KD*	*2023* *KD*
Cash and cash equivalents*	**9,658,827**	6,709,864
Accounts receivable and other assets**	**1,574,704**	1,626,731
Loan to an associate	**248,530,607**	215,232,121
	259,764,138	223,568,716

* Cash and cash equivalents exclude cash on hand
**Accounts receivable and other assets exclude prepayments and certain balances in other receivables.

Concentration of maximum exposure to credit risk

As at 31 December 2024, the Group had 1 customer (2023: 1 customer) that owed the Group KD 869,472 (2023: KD 869,472) and accounted for approximately 46% (2023: 41%) of accounts receivable and other assets. This concentration arises predominantly from transactions with a government entity, which the Group considers as a customer with low credit risk.

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group does not hold collateral as security against accounts receivable. Tenant refundable deposits are considered integral part of rent receivables and considered in the calculation of impairment. At 31 December 2024, 13% (2023: 14%) of the Groups rent receivable are covered by refundable deposits. These credit enhancements obtained by the Group resulted in a decrease in the ECL as at 31 December.

18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

18.2 Credit risk (continued)

Trade receivables (continued)

The following table shows about the credit risk exposure on the Group's rent receivable assets using a provision matrix:

	Trade receivables				
	Past due but not impaired				
	1-30 days KD	*31-60 days KD*	*61-90 days KD*	*Over 90 days KD*	*Total KD*
2024					
Expected credit loss rate	**25%**	**27%**	**10%**	**52%**	**47%**
Estimated gross carrying amount at default	**324,780**	**184,124**	**1,545**	**2,353,463**	**2,863,912**
Estimated credit loss	**79,985**	**49,713**	**155**	**1,229,449**	**1,359,302**
Net amount	**244,795**	**134,411**	**1,390**	**1,124,014**	**1,504,610**

	Trade receivables				
	Past due but not impaired				
	1-30 days KD	*31-60 days KD*	*61-90 days KD*	*Over 90 days KD*	*Total KD*
2023					
Expected credit loss rate	37%	40%	4%	49%	46%
Estimated gross carrying amount at default	418,795	181,100	40,435	2,249,530	2,889,860
Estimated credit loss	155,830	73,268	1,680	1,094,134	1,324,912
Net amount	318,961	107,832	38,755	1,155,396	1,564,948

18.3 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banking facilities. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations.

2024	***On demand KD***	***Within 3 months KD***	***3 - 12 months KD***	***More than 12 months KD***	***Total KD***
Accounts payable and other liabilities*	**1,659,959**	**352,519**	**2,318,733**	**35,217,770**	**39,548,981**
Loan from a related party	**144,804,557**	**-**	**-**	**-**	**144,804,557**
	146,464,516	**352,519**	**2,318,733**	**35,217,770**	**184,353,538**

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18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

18.3 Liquidity risk (continued)

2023	*On demand KD*	*Within 3 months KD*	*3 - 12 months KD*	*More than 12 months KD*	*Total KD*
Accounts payable and other liabilities*	2,554,298	183,705	3,452,894	808,002	6,998,899
Loan from a related party	111,506,071	-	-	-	111,506,071
	114,060,369	183,705	3,452,894	808,002	118,504,970

*Account payables and other liabilities exclude contract liabilities.

The Group increased its authorized share capital in the prior years and can hold a share capital increase to raise funds and meet its liquidity requirements. Alternatively, the Group receives support from the Ultimate Parent Company, as well, on a regular basis. Further, the amounts due to the Ultimate Parent Company are now part of a convertible loan agreement (Note 14). Amounts due to the related parties will not be called upon unless the Parent Company has funds to settle these obligations.

The management has access to a wide variety of funding and continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that as at 31 December 2024, liquidity position of the Group is stable and its existing funding resources, will be sufficient to satisfy its liquidity requirements.

19 CAPITAL MANAGEMENT

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

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, transact with treasury shares, issue new shares, or sell assets to reduce debt. Capital comprises equity attributable to the Parent Company, excluding statutory reserve and measured at KD 98,247,261 as at 31 December 2024 (2023: KD 97,526,722).

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of accounts receivables and other assets, cash and cash equivalents and loan to an associate. Financial liabilities consist of loans and borrowings, accounts payables and other liabilities excluding rent received in advance. The management assesses that the carrying amount of financial instruments is a reasonable approximation of fair value except for loan to an associate.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

31 December 2024	***As at 1 January KD***	***Total gains recognised in profit or loss KD***	***Net (sales) and purchases KD***	***At 31 December KD***
Loan to an associate	**215,232,121**	**-**	**33,298,486**	**248,530,607**

31 December 2023	*As at 1 January KD*	*Total gains recognised in profit or loss KD*	*Net (sales) and purchases KD*	*At 31 December KD*
Loan to an associate	181,485,131	(3,073,029)	36,820,019	215,232,121

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20 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Description of significant unobservable inputs to valuation

The debt instrument has been valued based on the residual land value of the investee's major asset ("Project"), using the discounted cash flow method.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December are as shown below:

Significant unobservable valuation inputs	Inputs		Change	Sensitivity of the input to fair value	
	2024	*2023*		*2024 KD*	*2023 KD*
Base rent per SQM (KD)	**63 - 178**	38-142	**+ 5%**	**24,669,062**	23,439,562
			- 5%	**(24,638,858)**	(23,439,562)
Exit yield	**7.25%**	8.7%	**+ 0.5%**	**(14,562,491)**	(14,805,700)
			- 0.5%	**16,757,310**	17,193,716
Discount rate	**8.25%**	8.7%	**+ 0.5%**	**(12,792,205)**	(12,413,757)
			- 0.5%	**16,673,410**	12,982,709

Significant increases (decreases) in estimated exit yield and discount rate in isolation would result in a significantly higher (lower) fair value of the project.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated.

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