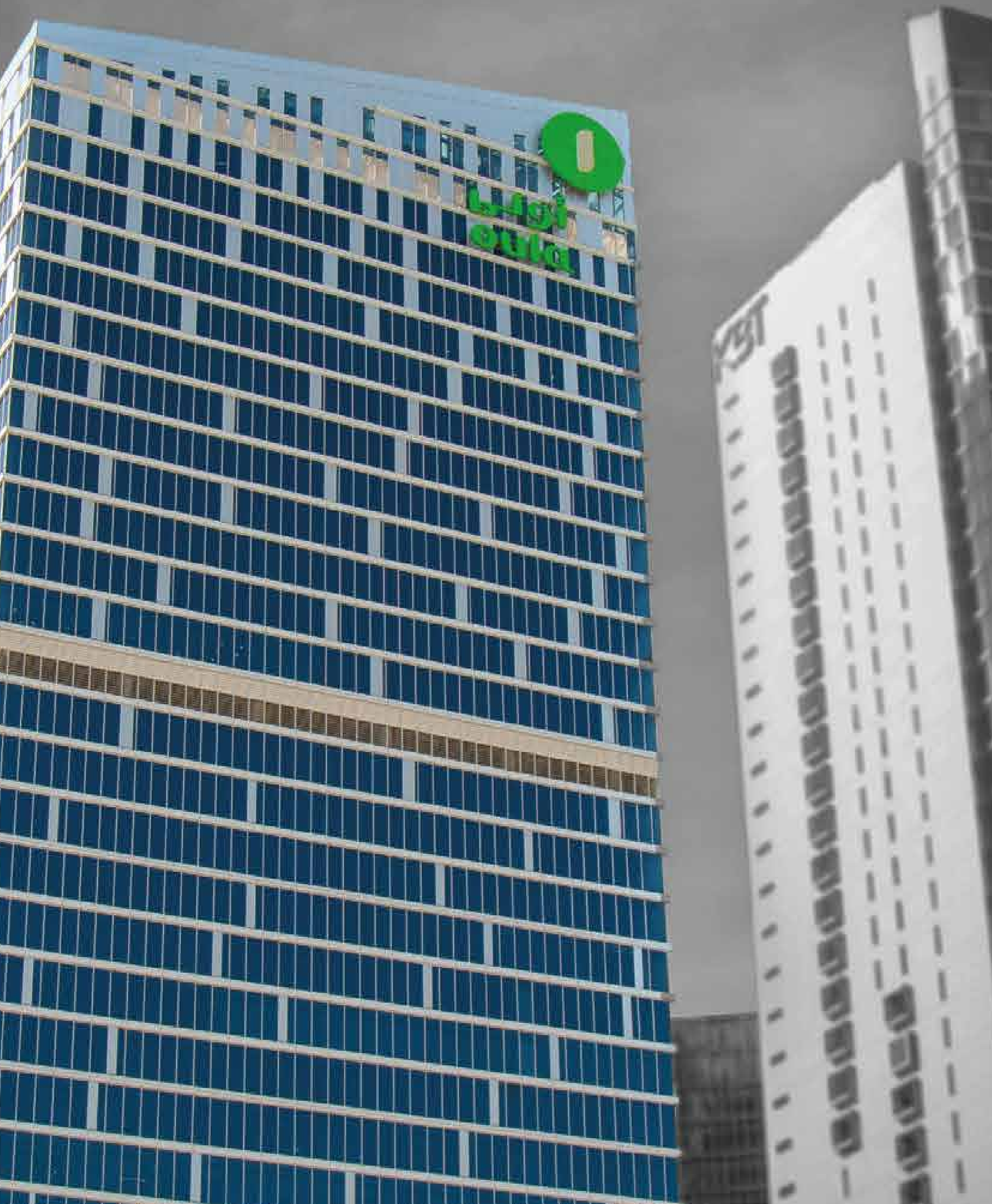
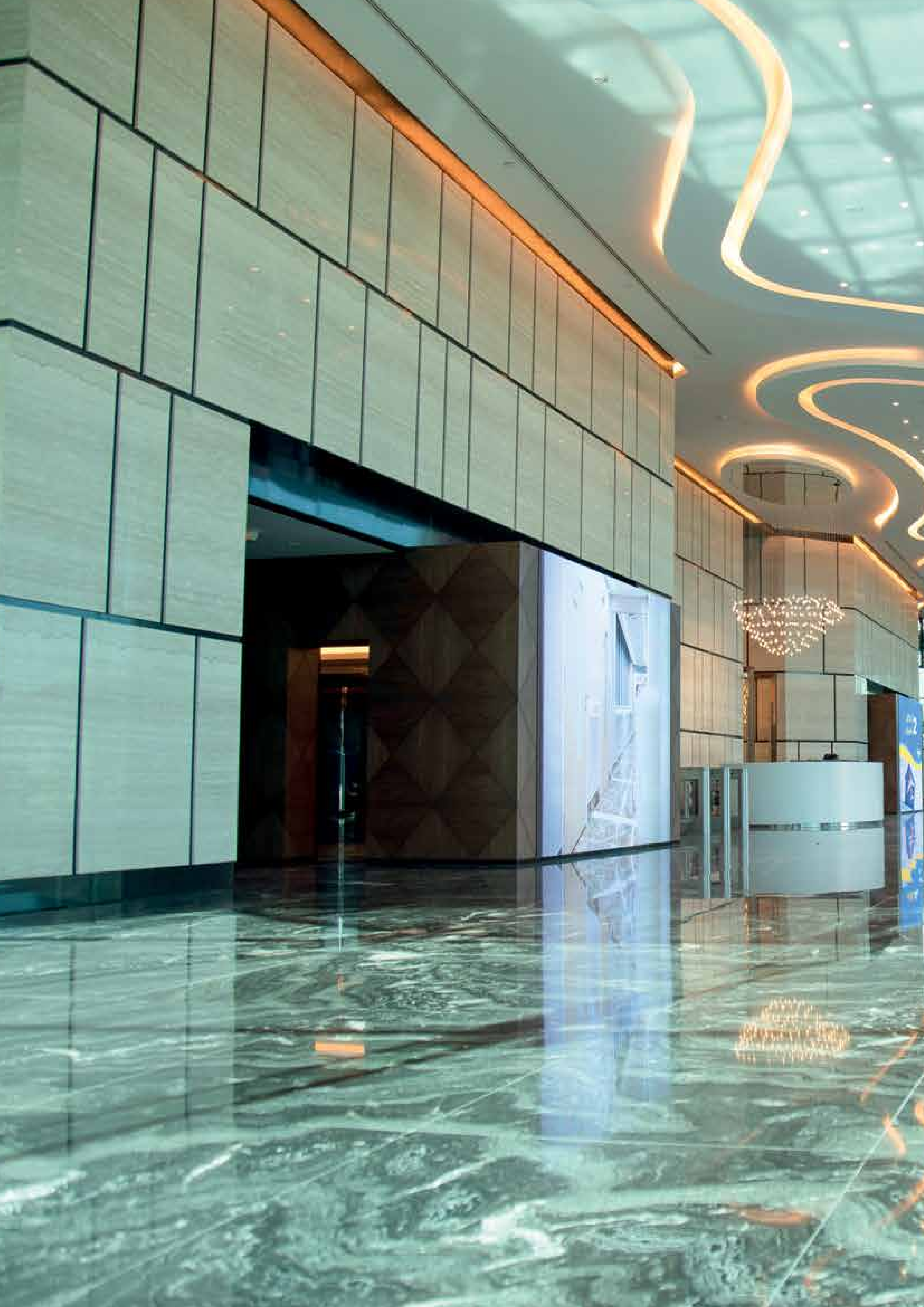
Oula Local Fuel Marketing Company K.S.C.P

ANNUAL REPORT 2023



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



CONTENT

About Oula

Oula is always the first to encompass the services that serves different consumer needs. It is not just a fuel company that builds stations, but also it seeks to constantly improving them to meet today's demands that arereflected in its continous efforts. Since the company was founded in 2004 until today, it is continuously developing. Because Oula's major objective is to satisfy its customers by providing the best possible services with highest quality, it always aims to study the local and international markets to find out what is new in the world of fuel and statio services thus, improvements will be achieved through applying the results of these researches and studies in reality.

Our Mission

To make Oula stations part of the daily Life, we strive to offer the highest standards of products and services through a network of state-of-the-art service stations. to maintain our status as the industry leaders, we are dedicated to continually improving products and services for our customers in a clean and safe environment. We are committed to the well being of our staff and delivering value for our shareholders.

Our Vision

To be the leading fuel marketing company in the region, and maintaining the highest industry standards of health, safety, environmental protection and quality control. while, maximizing valueto the shareholders.

M/S Shareholders,
Greetings,

I would first like to thank all of you on behalf of the Board of Directors, the Executive Management of Oula Fuel Company, and myself. I am also pleased to you the annual report of the Board of Directors, which includes a brief presentation of the most important performance indicators, financial results, and the most important achievements of "Al-Oula" for the fiscal year ending in 2023 compared to the results achieved in the year 2022.

Abdulhussain Saleh Al-Sultan
(Chairman)

Development and Sustainable Project Management

Oula intensified its efforts to adopt business strategies and policies that support sustainable development and ensures working in accordance with the best technical environmental standards.
Oula Fuel sought through its stations and facilities developed to be environmentally friendly, through its modern and smart fuel dispensing with the possibility of recovering vapors resulting from fuel filling, which undoubtedly contributes to reducing Carbon emissions and global warming, as well as through smart energy generation methods in its facilities that save and rationalize electrical consumption.
In addition to developing and improving its services and products to meet the expectations of its customers, and with the aim of adding value to their daily experience in its integrated stations, and between developing services and intensifying environmental and social activities, Oula diversified its commitment to society and to the Kuwaiti market.

Health, Safety, Security and Environment:

Oula exerts its utmost efforts and allocates important parts of its human and financial resources to ensure that the company's employees enjoy the highest standards of security and safety while providing the healthiest working conditions and the highest levels of protection for the environment inside and outside the company. The company follows an advanced system related to health, safety, security and the environment.
This strictly followed system highlights the importance of maintaining clean record of no work injuries and the occurrences of oil leaks and gas or carbon emissions, with the aim of reducing the environmental impacts of the company's operations.

Sales Volume:

Oula launched several projects that contributed significantly in the increase of the level of services and actual sales for the year 2023 as compared to 2022. This growth is primarily attributed to its successful launch of "oulae" tag which was well perceived in the local market and contributing in 49% of total sales.

Stations Renovation:

The company continued with its plan to meticulously develop all its stations, Oula reopened Sabah Al-Salem Station No. "70" by adding all services that conform to international specifications (C-store and Carwash services). As well as working on the development of Kabd Station No. "121" and West Mishref Station No. "122" and full renovation of Al-Shedadia Station No. "52" and Al-Adami Station No. "60".

Service development and non-fuel products:

Opening of the following services:
-Opening of Carwash Service in Al-Oyoun Station No. “86”.
-Adding Prontowash for carwash services in Sabah Al-Salem Station No. “70”.
-Adding C-Store Service in Sabah Al-Salem Station No. “70”.

Technological projects development:

This year witnessed a significant increase in the number of users for Oula Mobile Application, with additional and new features to facilitate its use.
Many projects have been completed, including:
-Cooperating with one of the major companies in the field of digital technology to activate new services on the Oula mobile application.
-Development, enhancements and updates of Oula Mobile Application features and Oula website.
-Development of Electronic Invoicing System for Corporate Prepaid Accounts.
-Development of Cards Cross Acceptance option for two fuel companies.
-Developing the feature of accepting corporate cards (on request) on investors’ sites (Trolley).
-Collaboration with K-Net to accept GCC debit cards across all stations.
-Reducing the Timing of Performing Preventive Maintenance on all Technical equipment’s in all stations to 0 thus ensuring all stations operate with no shutdown.
-Completion of total 66 Technical Projects (internal and external) for Oula 51, Ultra 6 and Pronto 9 as part of digital transformation and enhancements for improvement of efficiency and quality.

Logistics Services:

Ultra-Logistics is an essential part of Oula that aims towards building a bridge of communication with companies with fuel services according to the highest standards of quality, security and safety by transporting fuel and its derivatives to satisfy customer needs and achieve its long-term vision.
It strived to achieve successes and achievements for the year 2023. These successes were attained by:
-The company obtained the Golden Award for excellence in health, safety and environment (ASSP) 2023.
-Signing 11 major contracts in addition to Oula Contract.
-Obtaining ISO Certification as follow: 9001:2015 (QMS), 14001:2015 (EMS) and 45001:2018 (Occupational Health and Safety).
-Establishing an integrated workshop to provide basic maintenance services for tankers in accordance with the highest standards of quality and regulations.

Future Strategy:

Oula always looks forward through its sound future strategy to maximize shareholders’ value by promoting the company brand and status, increase asset base and continue development and expansion of investment infrastructure of stations, thus resulting into greater customer experience. All these measures would translate into added revenue streams resulting into higher revenues and profits for the company. We also continue to lead the implementation of the requirements of Corporate Governance because of its impact on the protection of the rights of small investors and its positive impact on the performance of the company and maintaining the lead.
In terms of Corporate Governance, Oula Fuel company continues to fulfill its obligations according to the best methods, and to work on forming development plans and investments, and supporting the pace of growth through the company's commitment to the latest laws and regulations applied in the public shareholding companies listed on the Kuwait Stock Exchange and the requirements of the Capital Markets Authority

Social Responsibility:

"Al-Oula" is always keen to intensify efforts aimed at strengthening the company's position towards society and customers in particular by maintaining the percentage of Kuwaitization in the company,
Whether in the head office or in the company's stations
In addition to continuing and progressing with the participation and support of segments of society in the various sectors of the country through organizing several activities and events.

National Human Resource Investment:

In 2023, our primary focus was directed towards the development of our human resources and we are continuing our approach to support national competencies, and the Board of Directors is keen to maintain the Kuwaitization rate of 100% in all supervisory jobs across all Oula stations. Where 70 Kuwaitis were appointed as managers in the stations. We also worked to restructure some departments by adding national cadres to them, which solidifies the board's message of interest in national human investment and increases production capacity.
The human resources team also continued to focus on the skills development plan, and employee growth by holding courses in various fields through which their knowledge and capabilities were developed and their productivity at work increased.

Marketing Campaigns:

Oula always strives to provide the best services, products and offers to all customer segments, and has launched many promotional campaigns and partnerships with various governmental and private sectors that focus on customers. Oula signed several cooperation agreements with major banks and companies in Kuwait with the aim of customer satisfaction. In addition to offering incentive gifts
and raffles throughout the year to customers.

Future Provision:

In 2024, we are confident that "Oula" is in a good strategic position to reap the fruits of success in various fields, as we have a clear strategy full of challenges and ambitions that focuses on the customer, as we take advantage of all opportunities available to us in the market to provide more distinguished services to our customers and added values for our shareholders.

Financial Statement:

During the year 2023, the total fuel income of the company amounted to 163,851.051Million Kuwaiti Dinars, with an increase ratio of 5% in comparison with the year 2022. The overall profit increased by around KD 4,858,351 Million Kuwaiti Dinars in comparison to 2022 due to increase in the sales of alternatives sources than fuel selling.
The company achieved a 22% increase in all other revenues from alternative activities in 2023 compared to 2022.
Oula's consolidated net profit amounted to KD 4,654,100 Million Kuwaiti Dinars with an increase of 15% in comparison with 2022 this is mainly due to the increase in fuel sales and alternative sources of income other than fuel.

Dear shareholders, in light of what we have shared with you, we request your approval for distributing Cash Dividends of 5% of the paid up capital (5 fils for each share) to the shareholders with a record date 15 days after the general assembly meeting.
We thank our esteemed shareholders for their trust in us and their loyalty to the company, and we renew to them our commitment to continuous work to serve their interests and develop their
investments.

Eng. Abdulhussain S. Al-Sultan
Chairman

Board of Directors

Abdulhussain Saleh Al-Sultan
(Chairman)

Adel Mohammad Al-Awadi
(Vice Chairman & CEO)

Masoud Abbas Akbar
(Board Member)

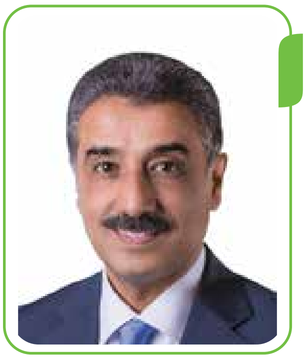
Dr. Hussein Hassan Abdullah
(Board Member)

Ali Abdullah Al-Baghli
(Independent Member)

Mohammad Aqab Al-Khatib
(Vice CEO & Board Mebmer)

Hashem Sameer Behbehani
(Independent Member)

Abdullah Mansi Al-Shemmari
(Board Member)



Abdulaziz Ahmed Al-Duaij
(Board Member)

Board of Directors Members

Abdulhussain Saleh Al-Sultan
(Chairman)

Civil engineering graduate from the University of TRI
State University In Andayana - America 1980

Experience:

- A civil engineer in the Ministry of Works from 1980 to 1986.
- Civil engineer in the private sector from 1986 to 2008.
- Advisor to the editor of the Kuwaiti newspaper Al-Nahar in 2007.
- Editor of Kuwaiti newspaper Al-Dar from 2007 to 2012.
- Chairman of the Board of Directors of the OULA Fuel Marketing from 2010 until now.
- CEO of Ultra Holding.
- Starter in multiple Kuwaiti newspaper.

A member of the association:

- A member of the Kuwait Society of Engineers.
- Kuwaiti member of the Alumni Association.
- Member of the Association of Kuwaiti journalists.
- Member of Kuwait Human Rights Society.
- Member of the Kuwaiti Red Crescent Society.

Adel Mohammad Al-Awadi
(Vice Chairman & CEO)

Bachelor of Science, Double Major Computer Engineering &
Computer Science Miami University, USA 1993

Work Experience

Oula Fuel Marketing Company 2005 – till date

Joined the company as Marketing, Sales and PR Manager until 2007, then assigned as Deputy Managing Director of Marketing, Sales and Operations until 2010, later that same year promoted to Vice President of Marketing and Business Development.
In 2012 and for one year he was the Consultant of the MD.
In 2013 he was assigned by the BOD as the CEO of the company.
In 2017 he was appointed as a member of the Board of Directors of Oula Fuel Marketing Co., later in March 2019,
he was nominated and appointed by the Board of Directors as Deputy Chairman of the Board of Directors.

Al-Wataniya Telecommunication Company (Ooredoo) 2000-2005

Joined the company as Assistant Manager of Marketing and Sales, then he was promoted to Marketing and Communication Manager.

Zain Communication Company (MTC) 1993-2000

Joined as a Programmer, then promoted to Senior Engineer, then Specialist IT Department.

"tranzE"

Certifying “tranzE” solution from the National Library of Kuwait,which is a future gateway for safer and faster payments in various fields to ensure safety, information security, tracking, and improving budget and logistical control.

"tranzEV"

Certifying “TranzEV” solution from the National Library of Kuwait, a new contactless payment system for electronic vehicles and charging dispensers

Mohammad Aqab Al-Khatib
(Vice CEO & Board Mebmer)

Education:
California State University at Sonoma 1976-1981
Masters of management, Capitalism and Islamic Banking
(with honor) 1981 BA, Management 1979

Board of Director Responsibility:
-Ultra Supermarkets Co. Chairman, 2015
-Kuwait Business Town Co. Deputy Chairman, Member of the Board 2014-2015
-Kuwait Airways Co. Member of the Board 2012
-Kuwait Investment Company. Member of the Board and Audit Committee 2005-2012
-Kuwait Asia Holding Company. Chairman of the board of Directors 2006
-Oula Fuel Marketing Comoany. Board Cnsultant for HR & Administration 2012-2017, Member of the Board and its Audit Committee 2005-2012,
CEO Assistant 2017
-Council of Municipality of Kuwait 2003
-Al-Ahali Bank of Kuwait. Senior Manager – Head office 1984-2003

Ali Abdullah Al-Baghli
(Independent Member)

Bachelor of Commerce and Business Administration
-Halwan University Republic of Egypt 1979
-Assistant Undersecretary of Ministry of Commerce and Industry since 2004-2012
-Board of Directors Member of the Central Bank of Kuwait representing the Ministry of Commerce and Industry 2007 - 2012
-Accountant at the Supreme Court 1993.
-Accountant Arbitrator in the Judicial Arbitration Department at the Ministry of Justice
-Commercial arbitrator at the Kuwait Commercial Arbitration Center 2010.
-Judicial guard at the Supreme Court 1998
-Chartered Accountant in the United Arab Emirates Abu Dhabi 1989.
-An expert in the Chart of Experts at the Commercial Arbitration Center of the Gulf Cooperation Council since 2013
-Certified Arbitrator and Practitioner of the Commercial Arbitration Center of the GCC since 2009.
-Chairman of the Standing Technical Committee for the Development of Accounting Standards 2004 – 2007
-Chairman of the Registration and Discipline Committee for Auditors 2004 - 2007
-Chairman of the Committee on Classification of Commercial Activities 2004 - 2007

Dr. Hussein Hassan Abdullah
(Board Member)

-B.S. industrial and System Engineering, Aug. 1982,
University of Southern California (U.S.C.), USA.
-M.S Operations Research, Aug. 1986, George Washington University (G.W),USA.
-PhD Operations Research in "The WEIGHTED Maximal planner Graph Mathematical Formulations and Solutions ".Nov. 2002 Kent University at Canterbury, UK.

Employment:

-Research Assistant, applied Systems Department, Techno-Economics Division, Kuwait institute for scientific research (KISR), Kuwait 1982-1984.
-Research Associate, Applied systems Departments, techno-Economics Divisions, Kuwait institute for Scientific Research (KISR), Kuwait 1986-1987.
-Teacher, Statistics department, College of business studies, Kuwait 1996-1997.
-Assistance Professor, Statistic department, College of business studies, Kuwait 2002-present.
-Head of Statistics Department, College of business studies, Kuwait Sept.2003-present.

Academic Professionals:

-American Institute of Industrial Engineers (AIIE).
-The Operational Research Society of America (ORSA).
-The Institute for Management Science (TIMS).

Masoud Abbas Akbar
(Board Member)

Education:

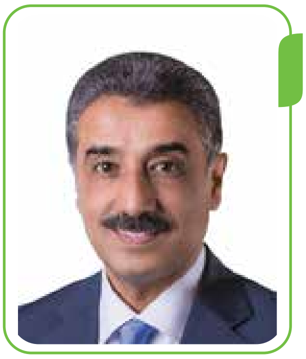
Petroleum Engineer,

graduated from USC, Los Angeles

Employed in Kuwait Oil Company from 1991 until 2016

Former member in KBT "Kuwait Business Tower"

Currently, vice president of the United Food Group "Sable"



Abdulaziz Ahmed Al-Duaij
(Board Member)

Bachelor's degree in Computer Engineering
Pacific University – California – USA

Bachelor's degree in Computer Engineering – Pacific University California 1988
Working in KNPC since 1989
IT Manager in KNPC – 2013 – 2019
Vice CEO in KNPC – 2019 – 2023
Consultant at the Council of Ministers for Cyber Security and Digital Transformation – 2018 – 2029
Member in the Committee of National Cyber Security of Council of Ministers – 2018 - 2020
Head of Cyber Security and IT – Oil Sector

Member in the Kuwait Society of Engineers – 1988
Board Member and BOD Secretary in the Kuwait Information Technology Society – 1993-2003

Abdullah Mansi Al-Shemmari
(Board Member)

Bachelor of Accountancy (1983-1987) College of Commerce & Accounting, Kuwait University

Worked in varied capacities across Kuwait Oil Sector for more than 32 years. During his 32+ years at Kuwait Oil sector he has held several positions ranginzg from entry to senior management level positions across all aspects of human resources, people capability, financial, HSE, Planning, Enterprise Risk & Insurance management functions in Kuwait Oil Sector.

- DCEO Financial Affairs & Admin, KOTC (Sept 2021-till date)
- DCEO Finance & Admin Affairs, KGOC (Oct 2017-Sept 2021)
- Board Member, OULA (Sept 2021 till date)
- Board Member, KOTC (Feb 2019-Sept 2021)
- Board Member, AOC Japan (Feb 2018-Feb 2019)
- Manager Financial Systems & Control, KOC (Dec 2012- Sept 2017)
- Team Leader Budget & Cost, KOC(Jun 2006-Nov 2012)
- Team Leader Financial Payments, KOC (Apr 2004-May 2006)
- Team Leader Accounts Payable, KOC (Feb 2000-Mar 2004)
- Superintendent Financial Support, Partitioned Neutral Zone Development Group (May 1997-Feb 2000)
- Finance entry Level to Senior Accountant level positions, KOC (Jan 1988 –April 1997)

Hashem Sameer Behbehani
(Independent Member)

BD (Mechanical Engineering)
California State University, Chico, 2012

Trainee Engineer: 2014 – 2016

He joined AMEC in March 2014 on the Graduate development programme as a trainee Mechanical Engineer supporting Engineers in different projects as follows:

- EF1600- Elevated Substations
- EF1719- Booster Station
- EF1928- Manifold Project

Assistant Engineer March 2016 –2018
He has continued to support on EF1600 as well as:

- EF1902- New Gathering Centre 30
- EF1903- New Gathering Centre 31

Engineer March 2018
Lead engineeer in 2023 - until now
He has continued to support on projects/ EF1902-EF1903 .
Whilst he has continued to support the Engineer on all aspects of the Mechanical discipline, He specialized working on Rotating Equipment as well as Air Conditioning Installation.

Dalia Ahmed Y. Othman
Board Secretary

Education:
Computer Diploma

Job and experiences:
-Oula Fuel Marketing Co., Senior Executive Secretary to Chairman 2005-present
-Kuwait Industrial Refinery Maintenance & Engineering Co. S.A.K (KREMENCO), Executive Secretary for the chairman & the managing director 1994-2005
-Progress Adverting Co. Secretary for the general manager 1993-1994
-Re-appointing BOD Secretary - 2020

Executive Management

Eng. Adel Mohammed Alawadi
Vice Chairman & CEO

Mohammed Aqab Al-Khatib
Assistant CEO

Sanjay Tari
Director - Finance & Admin

Jassem Al-Mahmeed
Head of Risk Unit & Compliance

Abdulaziz Al-Obaid
Head of Internal Audit Unit

Achievements 2023

1. The annual summer campaign was launched in June, in cooperation with one of the major car companies, This campaign included multiple prizes for Oulae users through the company's mobile application and a car draw.
2. Participation in "Wathifty" exhibition for job opportunities at 360 mall.
3. Increase in the sales ratio for Oula cards and oulae issuance and achieving huge growth for both corporate and individual customers.
4. Increase in the number of oulae users for prepaid customers by 75.2% and for postpaid customers by 60%, The actual increase for total oulae customers in 2023 (individual and corporate) is 66.5% as compared to 2022.
5. Increase in the number of oulae users on mobile application by 36.52%.
6. Increase on the actual sales on Oula mobile application in 2023 by 54.2% as compared to 2022.
7. Increase in the total transactions on Oula mobile application through (K-net, Ooredoo, KFH, NBK, Boubyan Bank, Bookeey and One Global) by 60.2%.
8. Complete coverage of all types of daily routine maintenance or emergency cases for all investors in stations and carwash.
9. Offers and discounts for oulae customers on Oula mobile application from major companies and banks.
10. Developing and renewing the contract with the text messaging service (WhatsApp), in order to respond to customer inquiries and questions more efficiently.
11. Conducting training courses for various departments, where 250 employees were trained in operations management, divided into more than 7 training programs, and 60 employees were trained in the company's Head Office in various departments.
12. Honoring 108 exemplary employees in Operations department during the year 2023.
13. Development of Quality Control Application that had been tested and applied on all Oula stations during 2023.
14. Sales department achieved annual growth rate of 17% as compared to 2022.
15. Ultra-Logistics received Golden Award for excellence in health, safety and environment (ASSP) 2023 and ISO certifications (9001:2015, QMS, 14001:2015 EMS and 45001:2018 Occupational Health and Safety)

Social Responsibility:

Social responsibility constitutes an essential part of Oula's missions, vision and values and reflects its commitment to the prosperity and preservation of society by reducing the negative impacts that may arise from its operations to the minimum possible extent.

1. Maintaining 100% Kuwaitization level in all supervisory positions in all Oula Fuel Stations.
2. Contribution and participation in providing sponsorships to government and private companies for various projects.
3. Participation and cooperation with the House of Abdullah for children's care, by providing gifts of games (Gergaian) for children.
4. A visit to NBK Hospital and Ibn Sina Hospital in (Sabah Area) in cooperation with the Department of Social and Psychological Services by providing gifts of (Eidya) games for children in all wards.
5. Conducting breast and prostate cancer awareness campaigns.
6. Carrying out a national campaign to clean the beaches of Kuwait.
7. Cooperate with the Commissioner for Refugees and Displaced Persons by providing media campaigns at Oula stations.

CORPORATE GOVERNANCE

Report for Oula Local
Fuel Marketing Company

2023

Corporate Governance Report for Oula Local Fuel Marketing Company 2023

Oula Local Fuel Marketing Company (K.S.C.P), since its establishment in 2004, has been characterized by the principle of transparency in working and its commitment to fully implement all decisions issued by all regulatory authorities and to follow the highest international standards and specifications for quality control and environmental safety (HSEQ-CoP) of Kuwait National Petroleum Company (KNPC), and after the issuance of Law No. 7 of 2010 of Capital Markets Authority and its executive regulations and their amendments, the company's management was keen to be one of the pioneers of the system and who abide by all the instructions, rules and decisions issued by them, which would consolidate and strengthen the relationship between the various entities including members of the board of directors, members of the executive management, shareholders and stakeholders in a manner that enhances confidence and trust to potential shareholders and investors.

The company, represented by the members of the Board of Directors and the executive branch, has drawn a new organizational structure that matches the company's strategies to achieve its goals. These changes and the new pattern included creating a mechanism for the internal control system through auditing management, risk management and compliance management.

It also promoted the principles of disclosure, transparency, comprehensive sound systems of professional conduct, ethical values and respect for the rights of all its shareholders and stakeholders.

First Rule: Forming a balanced structure for the Board of Directors.

An overview of the new formation of Board of Directors:

In accordance with the articles of association of Oula Local Fuel Marketing Company (K.S.C.P), the company's board of directors consists of nine members, two members representing Kuwait National Petroleum Company, and seven members elected by the General Assembly two of which are independent members, where the current board of directors was formed on 10/05/2023.

On April 4th 2023, the General Assembly Committee elected the members and a new board of directors was formed (which is the current council). The membership period of the members of the Board of Directors is three years, and the member may be re-elected again. The current board is made up of the Chairman and his Deputy and seven other member. The majority of whom are not Executives, including an independent member, which represents a sufficient number of members to enable them to form the necessary committees emanating from the Board of Directors and in line with the requirements of the rules of Corporate Governance.

The current members of the Board encompass the required scientific qualifications, the practical experiences and the various specialized skills that qualify them for the membership of the Board and to carry out the tasks and responsibilities of the Board, and what contributes toenhancing efficiency in decision-making.

We will provide you with an overview
of the statements of the current members of the Board of Directors and their classification and qualifications and their experiences and the current BOD secretary according to the table below:

Name	Member Classification / BOD Secretary	Academic qualification and practical experience	Date of Election, Appointment / Re-appointment / BOD Secretary
Abdulhussain Saleh Al-Sultan (Chairman)	Non-Executive	Bachelor's degree in Civil Engineering - TRI University, Indiana, USA, 1980	4/4/2023
Adel Mohammad Al-Awadi (Vice Chairman & CEO)	Executive	Bachelor's of Science with two specializations in Computer Engineering and Computer Science - University of Miami 1993	4/4/2023
Ali Abdullah Al-Baghli (Independent Member)	Independent	Bachelor's of Commerce and Business Administration - Helwan University, Arab Republic of Egypt 1979	4/4/2023
Mohammad Aqab Al-Khatib (Vice CEO & Board Mebmer)	Executive	Master's degree in Management (Honors) 1981, capitalist and Islamic banks - Master Thesis Bachelor's degree, Management 1979	4/4/2023
Abdullah Mansi Al-Shemmari (Board Member)	Non-Executive	Bachelor's degree in Accounting – Kuwait University - 1987	4/4/2023v vv
Abdulaziz Ahmad Al-Duaij (Board Member)	Non-Executive	Bachelor's degree in Computer Engineering – Pacific University California – USA 1988	4/4/2023
Masoud Abbas Akbar (Board Member)	Non-Executive	Bachelor's degree in Petroleum Engineering - University of Los Angeles USC 1991	4/4/2023
Dr. Hussein Hassan Abdullah (Board Member)	Non-Executive	Bachelor's of Industrial Engineering and Systems-August 1982 University of Southern California (U.S.C), United States of America Master Degree in Research operations -August 1986- Georgia-Washington (G.W) United States of America Ph.D.in administrative science -November 2002,	4/4/2023
Hashem Sayed Jawad Behbehani (Independent Member)	Independent	Bachelor's degree in Mechanical Engineering Chico University – USA - 2012	4/4/2023
Dalia Ahmad Yousef	BOD Secretary	Computer Diploma 1991 Secretarial Course 2005 Becoming A World-Class Executive Assistant 2011 Corporate Governance course 2016 Certified Disclosure Specialist (CDS) 2018	Re-appointing BOD Secretary 10/05/2023

About the meetings of Board of Directors:

Board of Directors meetings during 2023 total 6 meetings with attendance and absence:

S. N	Name	Representing Company	Role	Meeting No. 1-2023 In 22/02/2023	Meeting No. 2-2023 In 15/03/2023	Meeting No. 3-2023 In 10/05/2023	Meeting No. 4-2023 In 13/08/2023	Meeting No. 5-2023 In 6/11/2023	Meeting No. 6-2023 In 27/12/2023	Total Meetings Attended
1	Abdulhussain Saleh Al-Sultan (Chairman)	Kuwait Company for Medical Services (Closed)	Non-Executive	✓	✓	✓	✓	✓	✓	6
2	Adel Mohammad Al-Awadi (Vice Chairman & CEO)	Satin Trading Company	Executive	✓	✓	✓	✓	✓	✓	6
3	Ali Abdullah Al-Baghli (Independent Member)	Himself – Independent	Independent	✓	✓	✓	✓	✓	✓	6
4	Mohammad Aqab Al-Khatib (Vice CEO & Board Mebmer)	Boubyan United Hospital Company	Executive	✓	✓	✓	Absent	✓	✓	5
5	Mansi Al-Shemmari (Board Member)	KNPC	Non-Executive	✓	✓	✓	Absent	✓	✓	5
6	Mohammad Saleh Al-Haimer (Board Member)	KNPC	Non-Executive	Absent	Absent	not a member	not a member	not a member	not a member	0
	Abdulaziz Ahmad Al-Duaij (Board Member)		Non-Executive	not a member	not a member	✓	Absent	✓	✓	3
7	Masoud Abbas Akbar (Board Member)	United Medical Company	Non-Executive	Absent	✓	Absent	Absent	✓	Absent	2
8	Dr. Hussein Hassan Abdullah (Board Member)	National Medical Services Company	Non-Executive	✓	Absent	✓	✓	✓	Absent	4
9	Hashem Sayed Jawad Behbehani (Independent Member)	Burooj International Real Estate Company	Independent	✓	Absent	✓	✓	✓	✓	5

***The exiting of Mr. Mohammad Saleh Al-Haimer and entering of Mr. Abdulaziz Ahmad Al-Duaij during the Board meeting number 3-2023 dated in 10/05/2023 for new board elections.**

A summary of how to implement the requirements of registration, coordination and archiving of company board minutes of meeting:
In line with the requirements of Corporate Governance, the Board of Directors re-appointed Ms. Dalia Ahmed Youssef - as the BOD Secretary on 10/05/2023, and it is under her responsibility to write, preserve and maintain all the minutes of the signed meetings of the Board and the reports presented to her, as well as to inform the members of the Board of Directors of the dates of meetings prior to at least three working days, and to ensure that the members of the Board of Directors have full, quick and permanent access to all minutes of the Board meetings and all information, documents
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and records related to the company, and to ensure good communication and distribution of information and coordination amongst members of the Board and other stakeholders in the company under the supervision of the Chairman.
The Board of Directors is obligated to discuss any issues on the agenda with the utmost transparency. All members are provided with information that enables them to take appropriate decisions and all facts including reservations (if any) are proven in the minutes of the meeting, and the minutes of the meeting also include the following:

1. Board meetings numbers with consecutive and serial numbers and dates for the year in which the meetings were held.
2. Place, date and time of the start and end of the meeting.
3. Register the names of all members of the Board of Directors present and absent from the meeting, stating the reasons for absence.
4. The Board of Directors approves the agenda, and in the event that any member objects to this schedule or one of its items, details of this objection shall be recorded in the minutes of the meeting.
5. Recording the minutes of the meeting in accordance with the items on the agenda and the new developments, decisions, recommendations and observations taken.
6. Approving and signing the minutes of the meetings by all the members of the board present and the BOD Secretary.
7. Maintaining the original minutes of meetings documents.
8. Board members obtain a copy of all approved board meeting minutes and related documents.
9. Maintaining a special record containing the summary of Board meetings, provided that it includes all the above information

Acknowledgment by the independent member that he meets the independence controls

إقرار الإستقلالية

وفقاً لمتطلبات حوكمة الشركات، فإن مهام ومسئوليات لجنة الترشيحات والمكافآت تشمل التأكد من عدم إنتفاء صفة الإستقلالية عن عضو مجلس الإدارة المستقل.

بناءً على ذلك، أقر أنا الموقع أدناه أنني أتمتع بالإستقلالية خلال عام 2023 وفقاً للمتطلبات الواردة في قواعد حوكمة الشركات الصادرة عن هيئة أسواق المال، وأنه لم يتوفر ما ينافي هذه الإستقلالية، وذلك وفقاً للبنود الموضحة أدناه:

(أ) أنني لست مالكاً لما نسبته 5% أو أكثر من أسهم الشركة.
(ب) أنه ليست لي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من مجموعتها، أو الأطراف الرئيسية ذات العلاقة.
(ج) أنني لست عضو مجلس إدارة في أي شركة من مجموعة الشركة.
(د) أنني لست موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
(ه) أنني لست موظفاً لدى الأشخاص الإعتباريين الذين يملكون حصص سيطرة في الشركة.

الاسم	المنصب	التوقيع	التاريخ
هاشم سمير سيد جواد بهبهاني	عضو مجلس الادارة		2024/3/13

إقرار الإستقلالية

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(ب) أنه ليست لي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من مجموعتها، أو الأطراف الرئيسية ذات العلاقة.
(ج) أنني لست عضو مجلس إدارة في أي شركة من مجموعة الشركة.
(د) أنني لست موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
(ه) أنني لست موظفاً لدى الأشخاص الإعتباريين الذين يملكون حصص سيطرة في الشركة.

الاسم	المنصب	التوقيع	التاريخ
علي عبدالله البغلي	عضو مجلس ادارة		2024/3/13

Second Rule: Proper identification of tasks and responsibilities.

Where the Board of Directors of Oula Local Fuel Marketing Company works to achieve the strategic goals of the company by ensuring that the Executive Management carries out the tasks entrusted to it to the fullest extent, and that its decisions and procedures are always in the interest of the company and all shareholders.

The following is an overview of how Oula Local Fuel Marketing Company applies the policy of defining the tasks, responsibilities and duties of each members of Board of Directors and the executive management, as well as the authorities and permissions delegated to the executive management, so as to achieve a clear separation in the specialties and authorities between the Board of Directors and the executive management, in a manner that achieves complete independence and efficiency between them.

1 General Responsibilities of Board of Directors:

The Board of Directors handles the primary responsibility for Oula Local Fuel Marketing Company, including approving the goals, setting strategies, plans, and general policies of the company, as well as the strategy and control policies, risks and adherence according to the standards of Corporate Governance, and it is also responsible for making sure the company adheres to internal policies, procedures and regulations, applying these goals accurately and supervising the Executive Management including the CEO and overseeing the company's overall performance and execution.

In addition to ensuring the accuracy and integrity of financial statements and information to be disclosed in accordance with the established disclosure and transparency policy, meeting all the requirements of the supervisory authorities, preserving the interests of the shareholders and stakeholders of the company, following up the performance of each member of the Board of Directors and Executive Management according to objective performance indicators, setting a Corporate Governance system for the company, supervising it, monitoring its effectiveness and preparing an annual report about it, which will be used in the General Assembly of the company that includes requirements and procedures for completing Corporate Governance rules and Compliance.

2 The Role of The Chairman:

The Chairman of the Board of Directors works to ensure the proper functioning of the Board's work, to maintain mutual trust between members and to ensure that the Board takes decisions based on sound foundations, information and reports, and seeks to exchange views within the Board and ensure that sufficient information reaches each of the Board members and shareholders at the appropriate time. He also plays a major role in maintaining a constructive relationship between all members of the Board of Directors and the Executive Management, and ensuring that the proper Corporate Governance standards are provided to Oula Local Fuel Marketing Company, and the representation of the company in front of others as stipulated in the company's articles of association.

3 The Relationship Between the Board of Directors and the Executive Management:

One of the most important pillars of virtuous Corporate Governance is clear cooperation in the tasks and authorities between the board of directors and the Executive Management of the company. Where the role of the Board is to guide, lead and develop strategic plans, internal policies and regulations, while the Executive Management undertakes the implementation of the strategy and the annual plan and all internal policies and regulations of the company approved by the Board Management and the conduct of the company's business and activity, and the Board makes sure that the Executive Management activates policies related to preventing or limiting the practice of activities or relationships that may affect the quality of Corporate Governance rules such as conflict of interests or not and adhere to the trend approved by the Board of Directors.

4 The Relationship Between the Board of Directors and the Executive Management:

Oula Local Fuel Marketing Company has a job description that clearly defines the functions and responsibilities of each job position, and the company has an approved guide to delegate authorities to all sectors within the company. The tasks of Executive Management include for example (No for Restrictions / Limitation):

1. Work to implement all internal policies, regulations and bylaws of the company approved by the Board of Directors.
2. Implement the strategy and annual plan approved by the Board of Directors.
3. Preparing periodic reports (financial and non-financial) regarding the progress made in the company's activity in light of the company's strategic plans and goals, and submitting these reports to the Board of Directors.
4. Managing the daily work, running the activity and managing the company's resources in an optimal way.
5. Effective participation in building the development of a culture of moral values within the company.
6. Establishing internal control and risk management systems, ensuring the effectiveness and adequacy of these systems, and ensuring that the risk orientation approved by the Board of Directors is adhered to.

5 Organizing the Work of the Board:

The Board held 6 meetings during the year 2023, it is called to hold it every quarter to discuss the interim financial statements and whenever the need arises, the decisions taken within the meetings were obligatory and became part of the company records. The Chairman of the Board of Directors shall, in consultation with the Executive Management, on the important issues proposed for inclusion in the agendas of the Board meetings and provide the Board members with adequate data and information before a sufficient period of the Board meetings to make the appropriate decisions. The Secretary of the Board notes the Board's discussions, suggestions and objections and members of the members and the results of voting on the agenda items which is done during Board meetings.

The Board's Achievements in 2023:

1. Approving the financial statements of the company for the financial year ended 31/12/2022.
2. Approving the estimated general budget of the company for the year 2023.
3. Approving the company's quarterly and interim financial statements.
4. Formation of the new Board of Directors for the three upcoming years.
5. Formation of Board of Directors committees according to the executive regulations of the Capital Markets Authority.
6. Renovating a number of stations with the new design and adding services at stations

A summary about applying the requirements for the formation of the Board of Directors of specialized committees enjoying independence, in order to assist them in performing their assigned tasks:

Where the Board of Directors formed in the current session three sub-committees, and these committees help it to carry out its tasks and responsibilities to implement the instructions and rules of Corporate Governance issued by the Capital Markets Authority when forming the Board Committees. Each of these committees has specific tasks, duration of work, duties and authorities approved by The Board of Directors organizes its work and decision-making mechanism therein.

The following is an overview of the formation and meetings of each of these three committees during the year 2023:

BOD Members Names	Audit Committee	Risk Committee	nominations and remunerations committee
Total Committees Meetings in 2023	7	4	3
Abdulhussain Saleh Al-Sultan (Chairman)	—	—	—
Adel Mohammad Al-Awadi (Vice Chairman & CEO)	—	—	—
Ali Abdullah Al-Baghli (Independent Member)	4	3	2
Mohammad Aqab Al-Khatib (Vice CEO & Board Mebmer)	—	1	—
Abdullah Mansi Al-Shemmari (Board Member)	—	—	—
Abdulaziz Ahmad Al-Duaij (Board Member)	—	—	—
Masoud Abbas Akbar (Board Member)	3	4	3
Dr. Ali Hussain Abdullah (Board Member)	7	3	3
Hashem Sameer Sayed Jawad Behbehani (Board Member)	7	1	1

1 Audit Committee:

The audit committee was formed according to the decision of the Board of Directors issued at its meeting No. (3-2023) held on 10/05/2023, and the Chairman was elected at the committee meeting held on 17/07/2023.
The period of validity of the committee coincides with the term of membership of the Board of Directors.

The tasks of the committee are to review the periodic financial statements, express an opinion and recommend them to the Board of Directors, set appropriate standards to enhance the performance of the Internal Audit Department and ensure its independence from the Executive Management, and ensure that external audits are carried out in a manner that achieves the principle of double auditing. The committee also verifies the company's adherence to the laws, internal policies, rules, regulations and related instructions, and that the internal control systems related to financial and administrative matters are comprehensive and transparent, and the committee works to ensure the company adheres to the legal and regulatory requirements and international accounting standards, as well as to ensure the adequacy of the qualifications and expertise of the external auditors and their independence and the recommendation to appoint an internal audit manager with a climate of discipline and internal control for the company. The internal auditor and the external auditor are also entitled to request a meeting with the committee when necessary.

The committee meetings during 2023 | 7 meetings

The Audit Committee consists of the following members

Dr. Ali Hussain Abdullah Committee Chairman / Head	**Hashem Sameer Sayed Jawad Behbehani** Committee Member	**Dr. Ali Abdullah Al-Baghli** Committee Member (attended the first 3 meetings) **Masoud Abbas Akbar** Committee Member (appointed with the new formation of BOD)

Committee Achievements during 2023

•Recommending to the Board of Directors to approve the financial statements for the fiscal year ending 31/12/2022.
•Recommending to the Board of Directors to approve the quarterly interim financial statements for the year 2023.
•Review and discuss the findings of the Internal Control Systems Assessment Report (ICR).
•Review and supervise the business and annual plan of the Internal Audit Department.
•Discussing the reports and results of the internal audit department's recommendations.
•Discussing the annual evaluation of the head of the internal audit unit.
•Discussing the internal audit unit performance evaluation report.
•The election of the new committee head

2 Risk Committee:

The Risk Committee was formed according to the decision of the Board of Directors issued in its meeting No. (3-2023) held on 10/05/2023, and the Chairman was elected at the Committee meeting held on 23/07/2023. And Mr. Masoud Ghuloom Abbas Ali Akbar in the committee meeting No. 4/2023 was elected as the committee Chairman.
The period of validity of the committee coincides with the term of membership of the Board of Directors.

The tasks of the risk committee are to prepare and review the risk management strategies and policies before they are approved by the Board of Directors, to ensure the availability of adequate resources and systems for risk management, to evaluate systems and mechanisms for identifying, measuring and following the various types of risks that the company may be exposed to, and to ensure the independence of risk management employees and work to increase their awareness, review the reports of the audit committee that affect the company's risk management, and assist the Board of Directors in identifying and assessing the level of risk and the company's failure to exceed this level.

The committee meetings during 2023 | 6 meetings

The Audit Committee consists of the following members

Dr. Ali Hussain Abdullah Committee Chairman / Head	**Dr. Ali Abdullah Al-Baghli** Committee Member (attended the first 3 meetings) **Hashem Sameer Sayed Jawad Behbehani** Committee Member (appointed with the new formation of BOD)	**Dr. Ali Hussain Abdullah** Committee Member (attended the first 3 meetings) **Mr. Mohammad Aqab Al-Khatib** Committee Member (appointed with the new formation of BOD)

Committee Achievements during 2023

•Approving the Annual Risk report for the year 2022.
•Reviewing and supervising the business and the annual risk management plan for the year 2023.
•Discussing the semi-annual reports for risk management.
•Discussing the report for handling of related parties for the year 2023.
•Discussing the annual evaluation of the head of the risk unit.
•Discussing the recommendations of the risk committee.
•Discussing the report of bank facilities offers.
•The election of the committee head.

3 The Nomination and Remuneration Committee:

The Nominations and Remunerations Committee was formed according to the decision of the Board of Directors issued in its meeting No. (3-2023) held on 10/05/2020, and the Chairman was elected at the Committee meeting No. (3-2023) held on 16/05/2023.
The period of validity of the committee coincides with the term of membership of the Board of Directors.

The tasks of the committee are to submit recommendations to the Board of Directors regarding nomination and re-nomination for membership of the Board of Directors and Executive Management in accordance with the policies and standards adopted and instructions issued by the supervisory authorities and to ensure that the independent status of the independent Board member is not eliminated, and the committee conducts an annual assessment of the performance of the Board as a whole and reviews and approves selection criteria for the CEO and directors, setting a policy for the remuneration of members of the Board of Directors and the Executive Management, determining the different tiers of bonuses that will be granted to employees, and preparing a detailed annual report on all bonuses granted to members of the Board of Directors the Executive Management, whatever their nature and name, which is presented to the general assembly of the company for approval and is read by the Chairman of the Board of Directors.

The committee meetings during 2023 | 3 meetings

The Audit Committee consists of the following members

Dr. Ali Hussain Abdullah Committee Chairman / Head	**Masoud Gholum Abbas Akbar** Committee Member	**Dr. Ali Abdullah Al-Baghli** Committee Member (attended the first 2 meetings) **Hashem Sameer Sayed Jawad Behbehani** Committee Member (appointed with the new formation of BOD)

Committee meetings during 2023 |

- Discuss the annual remuneration report.
- Discussing the governance report for the year 2022.
- Evaluating the performance of the Board of Directors as a whole and the performance of each of the members of the Board of Directors and the Executive Management.
- Discussing the evaluation of the nomination and remuneration committee.
- Discussion of granting bonuses to the CEO.
- Discussing the election of the new committee chairman.

•A summary of how to implement the requirements that allow members of the Board of Directors to obtain information and data accurately and in a timely manner.

In order to ensure the availability of accurate information and data in a timely manner to the Board of Directors, the Board of Directors has set a policy to regulate the access of the members of the Board of Directors to the financial statements and any reports from the company's departments through holding weekly meetings between the Chairman of the Board and the Executive Management on the performance of the executive body. Any member of the Board of Directors is entitled to request any information or report from any department in coordination with the Secretary of the BOD in order to facilitate the necessary decision-making process in a timely manner. The company has developed its website and published financial data and disclosed the essential information to achieve further transparency and ease of obtaining the necessary information within the permissible limits in accordance with the policy and principles of disclosure and transparency applied by the company and in a manner that does not conflict with the instructions of the supervisory authorities.

Third Rule:

The selection of competent individuals for the membership of Board of Directors and Executive Management:
A summary about the application of the requirements for the formation of the Nomination and Remuneration Committee:
In terms of commitment to the Corporate Governance methodology in forming the Nomination and Remuneration Committee, three members were chosen for the committee membership, so that the committee contains one independent member. One of its most important goals is to select and attract the competent individuals to run for membership in the Board of Directors and the Executive Management so as to ensure the achievement of the goals that the company aspires to. In addition to that, the committee is able to draw clear policies and standards for the system of rewards and benefits for members of the Board and Executive Management where they are rewarded on the basis and criteria for direct evaluation of the performance of each of the members of the Board and the Executive Management, where the committee prepares the report based on the approved policies and these rewards and benefits are disclosed in annual reports in the general assembly.

The remuneration report granted to members of the Board of Directors and Executive Management for the year 2023:
The detailed report on bonuses, salaries, incentives and other financial benefits granted to members of the Board of Directors and the executive management was prepared by the Nomination and Remuneration Committee, and it will be included in the agenda items of the ordinary general assembly of the company to read out to the attendees.

Following the criteria of accuracy and transparency when preparing it to reflect the actual reality. The following is a statement of these bonuses, incentives, and other financial benefits:

Board Members	Position	Bonus, salaries, incentives and other financial benefits (through the parent company and subsidiaries)	Total bonuses, salaries, incentives and other financial benefits (In Kuwaiti Dinars)
Abdulhussain Saleh Al-Sultan	(Chairman)	–	37,800
Adel Mohammad Al-Awadi	(Vice Chairman & CEO)	1,475	5,000
Ali Abdullah Al-Baghli	(Independent Member)	–	5,000
Mohammad Aqab Al-Khatib	(Vice CEO & Board Mebmer)	–	5,000
Abdullah Mansi Al-Shemmari	(Board Member)	–	5,000
Mohammad Saleh Al-Haimer	(Board Member)	–	5,000
Abdulaziz Ahmad Al-Duaij	(Board Member)		–
Masoud Abbas Akbar	(Board Member)	–	5,000
Dr. Hussein Hassan Abdullah	(Board Member)	–	5,000
Hashem Sameer Behbehani	(Independent Member)	–	5,000

Total Executive Positions	Total Rewards and Incentives Granted to Senior Executives Receiving Highest Rewards Including the CEO, Finanical Manager or Anyone Conducting the Work on Their Behlaf													
	Rewards and Incentives from Mother Company							Rewards and Incentives from Sister Companies						
	Incentives and Rewards (Fixed) KD						Incentives and Rewards (Variable) KD	Incentives and Rewards (Fixed) KD						Incentives and Rewards (Variable) KD
	Total Salaries During the Year	Health Insurance	Annual Ticket	Housing Allowance	Transportation Allowance	Children Education Allowance	Annual Rewards	Total Salaries During the Year	Health Insurance	Annual Ticket	Housing Allowance	Transportation Allowance	Children Education Allowance	Annual Rewards
Adel Mohammad Al-Awadi Vice Chairman & CEO	85,380	1,475	8,521	6,000	500	–	29,700	–	–	–	–	–	–	–
Mohammad Al-Khatib Asst. CEO	30,000	–	366	6,000	1,800	–	2,310	–	–	–	–	–	–	–
Sanjay Tari Director Admin & Finance	31,200	885	1,260	4,800	–	–	2,288	–	–	–	–	–	–	–
Tareq Al-Ajlan Director Operations	30,000	590	732	3,200	3,000	–	2,662	–	–	–	–	–	–	–
Hessah Mansour Sr. Manager HR & Admin	15,900	295	366	1,200	1,200	–	1,237	–	–	–	–	–	–	–
Kanagaraj SivaKumar Sr. Manager Finance	16,350	885	1,521	1,200	1,200	–	1,339	–	–	–	–	–	–	–
Total	208,830	4,130	12,765	22,400	7,700	–	39,535	–	–	–	–	–	–	–

The benefits are represented in salaries, bonuses and short-term benefits during the year 2023, and the executive management is represented by the CEO, assistant CEO, Finance and Admin Director and some Executive Managers. The total amounts payable to them for the year 2023 amounted to (208,830 Kuwaiti Dinars), which are related to the rates and performance indicators of the company that are in line with the company's strategy and objectives.

Fourth Rule:

Ensuring the integrity of Financial Reports

The integrity of the financial statements of the company is one of the important indicators of the veracity and credibility of the company in presenting its financial position, which increases the confidence of investors in the data and information provided by the company. Sound and accurate, as the executive management undertakes in writing towards the Board of Directors that the financial reports of the company are displayed properly and that these data review all the financial aspects of the company in accordance with the international financial reporting standards an extension by the Capital Markets Authority and regulatory authorities.

A summary about the application of the requirements for the formation of the Audit Committee:

The Audit committee was formed in accordance to the decision of the Board meeting No. (3-2023) held on 10/05/2023. The Chairman was elected during the committee meeting held on 17/07/2023 with the attendance of an independent member of the committee. The period of validity of the committee coincides with the term of membership of the Board of Directors. In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors issued thereon, a statement will be included detailing and clarifying recommendations and reasons behind the decision or decisions of the Board of Directors not to abide by them (which didn't occur).

The ordinary general assembly of the company, held on 04/04/2023, and based on the recommendation submitted by the Audit Committee to the Board of Directors, approved the reappointment of the external auditors for the fiscal year which will be ending on 31/12/2024, as they enjoy full independence and impartiality from the company and its Board of Directors, which are:

- **Grant Thornton & Co., represented by Mrs. Hind Abdullah Al-Suraie (CPA) (Licensed Controller No. 141 Class A)**

Fifth Rule:

Establishing sound systems for risk management and internal control

A brief statement on the implementation of the requirements for forming an independent risk management unit:

The organizational structure of the company ensures the existence of an independent risk management unit while ensuring that its employees enjoy a large amount of (non-financial) authorities while supporting them with the required qualifications and technical capabilities through training and workshops, because of the importance of the role of identifying risks and available opportunities, that is one of the most important risk management functions which will identify obstacles in achieving the company's strategic goals. It is important to highlight that the duties and responsibilities of compliance are merged within the tasks of risk management while maintaining independence, as well as in order to apply the provisions of Article 3-6 of the fifteenth book (Corporate Governance) of the executive regulations of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activities Finance and their amendments.

A summary about the application of the requirements for the formation of the Risk Committee:

Also, this unit reports directly to the risk committee emanating from the Board of Directors, which consists of three members excluding the Chairman of the Board of Directors and among its members is an independent member. And in implementation of what is stated in Article 5-6 of the fifteenth book (corporate governance) of the executive regulations of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activities and their amendments, the committee meets for not less than four times per year, the committee held 4 meetings in the company in compliance to the work requirements and in order to inform all distinguished members of the Board of Directors of the degree of internal and external risks and opportunities.

An overview explaining the disciplinary and internal control systems:

Whereas, the risk management provides the risk committee with quarterly periodic reports that determine the status of the company and the latest amendments to keep pace with the most recent laws issued while identifying operating risks arising from the adequacy or failure of internal operations, systems, devices, employees or from external events. In addition to defining the financial and strategic risks, the Board of Directors also approved a risk need policy that determines the degree of acceptable risk with the development of a conservative strategic policy for the distribution of assets and managed investments through which consideration is given to the distribution of risk in accordance with the policies and systems used.

It also includes policies approved by the Board of Directors for internal control systems as operations that are activated by the Board of Directors of an entity, and designed to verify a reasonable guarantee to reach the goals related to operations, reporting and commitment, and it is important to note that despite all the ways that the company can take, the ways and procedures Internal control when using can provide sufficient assurance, but not a long-standing confirmation. The Board of Directors has the responsibility to supervise the internal control systems, which allow it to obtain reasonable assurance regarding the effectiveness and suitability of these regulations towards Executive Management. The Executive Management has administrating, monitoring and evaluation system with objectives that include:

- Effective Operations
- Monitor applicable laws and regulations
- Protecting the value of the company's assets

The company's internal control is directly integrated into the operations automatically or manually. Automatic control is included in the information management systems used and supported by manual control, and the quality of the information is verified upon initial entry to the systems through means of control such as (the principle of bilateral control, delegation schedule, separation of tasks) and certain ways taken by management.

A brief statement on the implementation of the requirements for forming an independent internal audit unit:

An independent internal audit management unit was created by the Board of Directors within the company's organizational structure that reports directly to the internal audit committee emanating from the Board of Directors due to the need to inform all distinguished members of the Board of Directors of the company's compliance with all laws and instructions issued by the various supervisory authorities. The Board of Directors provides general policies and procedures for internal audit systems that cover all activities of the company and its departments. The Board of Directors is provided with periodic reports of internal audit based on risk assessment, as internal control systems help to maintain the integrity of the company's financial statements and the accuracy and efficiency of the operations of the various aspects.

Sixth Rule:

Promoting professional behavior and ethical values

An overview of the Business Charter, which includes standards and determinants of professional conduct and ethical values:

The Code of Professional Conduct in Oula Local Fuel Marketing Company reflects the values and standards of sound professional and ethical practices that must be followed by members of the Board of Directors, the Executive Management and all employees. In order to control these values and standards, employees deal with customers, competitors, business partners, and shareholders in a collaborative manner, and this forms the basis of the company's policies and internal procedures in taking decisions regarding the activities of the employees, in compliance with the daily work and the provision.

In this regard, members of the Board of Directors, Executive Management and all employees are dedicated to the highest levels of commitment to the policies and rules of professional conduct in addition to promoting and maintaining a work environment that supports ethical behavior and encourages ethical actions and promotes effective and virtuous values.

A brief statement of policies and mechanisms for reducing conflicts of interest:

The Board of Directors has adopted a policy related to reducing conflict of interests, which includes clear examples of conflict of interest cases and how to treat and deal with them. The company is constantly working to identify, address and report cases that constitute a conflict of interest within it to ensure that it is dealt with and addressed quickly, taking into account the companies law to ensure the highest level of transparency. The company has drawn up a business charter that aims to guide and provide Board members with standards of professional behavior and work ethics, avoiding cases of conflict of interest, maintaining confidentiality of information, and looking at operations with related parties, and all members of the Board of Directors and employees of the Executive Management signed a pledge and acknowledgment of compliance with the labor pact during 2019.

Seventh Rule:

Accurate and timely disclosure and transparency

Oula Local Fuel Marketing Company is one of the pioneers who support the concept of the policy of disclosure and transparency represented by members of the Board of Directors and Executive Management, since the issuance of the Capital Markets Authority Law No. 7 of 2010 and its executive regulations.

A summary about the application of accurate and transparent presentation and disclosure mechanisms that define aspects, areas and characteristics of disclosure:

The policy of disclosure lies in announcing and publishing all the essential information of the company at the times specified by the authority and the stock exchange (Bursa), which may interest or attract investors and stakeholders.

The financial statements (interim and annual) are submitted through it, and the disclosure of every material information that may affect the position of the company or the market value of the traded shares.

A brief statement on the implementation of the requirements for the Board of Directors' executive disclosures record:
Also, the policy that was developed to clarify the importance and necessity of disclosure and transparency in Oula Company has been keen to keep these disclosures in a special record that contains the disclosures of members of the Board of Directors and Executive Management and all the people who are familiar with the company, and the record is available for review by all shareholders without any fees. In view of the company's awareness of the importance of disclosure and transparency to the reputation of the company and its investors, the company has developed a categorized detailed schedule covering all types of disclosures and clarifies the responsibility of each disclosure and it’s follow-up to avoid any interference or delay in any disclosure.

A summary about the application of the requirements for the formation of the Investors Affairs Unit:
In order to provide the necessary data, information and reports for potential investors, the tasks of investor affairs management have been assigned to a specialized employee in order to facilitate the provision of data and information necessary to potential investors in a timely and accurate manner through the recognized methods of disclosure, including the company's website.
A brief about the development of the IT infrastructure and the heavy reliance on it in the disclosure process:
To enhance the trust of shareholders and in order to support the perspective of disclosure, all the essential information, data and reports are displayed accurately and transparently on the official website of the company (Governance - Disclosure Division), which helps the current and potential shareholders and investors to exercise their rights and evaluate the company's performance.

Eighth Rule:

Respecting shareholders' rights

A summary about the application of the requirements for defining and protecting the general rights of shareholders and to ensure justice and equality among all shareholders
The main system of Oula Local Fuel Marketing Company also guarantees the company applies an approved policy to protect the rights of shareholders based on the principles of transparency and equality among all shareholders, including small shareholders, in a way that ensures that all shareholders exercise their rights in a way that achieves justice and equality without any discrimination, where the Board of Directors ensures respect for the rights of all shareholders in accordance with the company's articles of association and internal policy and in a manner that does not conflict with applicable laws, regulations and instructions issued in this regard, as well as protecting shareholder capital from misuse that may occur by company directors, board members, or major shareholders.

An overview of the creation of a special record maintained with the clearing agency to ensure continuous data requirements follow-up:
The company also maintains a special record with the clearing agency that contains the names of shareholders, their data and the number of shares owned by each of them, with a statement of any change in ownership that is updated in this record according to the data received by the company or the clearing agency. Likewise, everyone concerned has the right to view it through a request from the company or to the clearing agency that can allow access by shareholders according to the utmost confidentiality protection.

A brief on how to encourage shareholders to participate and vote in the meetings of the company’s societies:
The company also prepared and adopted a guide for shareholders that includes all the rights of shareholders of all degrees, ensuring them the highest degree of equality, fairness and transparency in obtaining all their rights and how. In addition to the procedures for their participation and voting in the general assembly meetings, Oula Company always encourages the presence of its shareholders and their participation in the company meetings of ordinary and extraordinary general assemblies and the exercise of their rights.

The general rights of shareholders guaranteed by the company include the following:

- Record the value of the shareholding ownership in the company records.
- Receive the due share of the dividend
- Obtaining a share of the company's assets in case of liquidation
- Obtaining information and data related to the company's activities and its operational and investment strategy in a regular and accessible manner.
- Participate in the shareholders' general assembly meetings and vote on its decisions.
- Dispose of shares from registration of ownership, transfer and / or relocation.

- Election of the members of the Board of Directors.
- Monitor the company's performance in general and the work of the Board of Directors in particular.
- Holding members of the board of directors or executive management accountable and filing a liability suit, in case they fail to perform the tasks assigned to them.

Ninth Rule:

Understanding the role of stakeholders

A summary about the systems and policies that ensure protection and recognition of the rights of stakeholders:
Oula Local Fuel Marketing Company is keen on respecting and protecting the rights of stakeholders and works to encourage cooperation between them and the company in many areas, where the contributions of stakeholders constitute a very important resource to build the company's competitiveness and support its levels of profit in a manner consistent with achieving its interests in full, and in for this reason, the company has adopted a set of policies, including (No for restriction/limitation).
Where the policy of organizing the relationship with stakeholders includes rules and procedures that ensure protection and recognition of the rights of all parties, which include:

- Build a mechanism to safeguard the rights of stakeholders established by the systems and protected by contracts.
- Mechanisms for settling complaints or disputes that may arise between the company and the stakeholders.
- Suitable mechanisms for establishing good relationships with customers and suppliers, and maintaining the confidentiality of information related to them.
- Treat all members of the Board of Directors, Executive Management, and stakeholders with the same conditions that the company applies with the various parties of stakeholders without any discrimination or detailed conditions.
- Allowing individuals and entities with interests to communicate freely with the Board of Directors or Executive Management to express their concerns about any illegal or ethical behavior that does not compromise their rights.

A brief on how to encourage stakeholders to participate in following up the activities of different companies:
In order not to contradict the transactions of the stakeholders, whether contracts or deals with the interest of the company or with the interest of shareholders were taken, the company considers the following:

1. None of the stakeholders has obtained any advantage through his dealings in contracts and deals that fall into the Company's regular activities
2. The company sets the company internal policies and regulations that include a clear mechanism for awarding various types of contracts and deals, and allowing them to obtain compensation in case of violating any of their rights according to what is stated in the corporate governance rules.

Tenth Rule:

Enhancing and improving performance

A summary about the application of the requirements for setting mechanisms that allow the members of the Board of Directors and the Executive Management to obtain continuous training programs and courses:
Oula Local Fuel Marketing Company has been keen since its establishment to enhance the institutional values established for its employees through the participation of all departments in drawing the estimated budget and creating cooperation between all departments each with regard to the nature of its work to achieve the desired goals and link them to the performance measures of the executive body. Accordingly, the training needs of all departments that may be training courses, workshops or awareness conferences are enumerated, as the company has a policy for training and developing employees, members of the board of directors and executive management.

A brief on how to evaluate the performance of the board of directors as a whole and the performance of each member of the board of directors and executive management:
The performance of each of the members of the Board of Directors and the Executive Management is evaluated according to periodic systems through the main performance indicators of the performance of the board of directors and the executive management related to the extent of achieving the strategic goals of the company. In addition to evaluating the Executive Management annually to determine the strengths and weaknesses and supporting them to achieve the desired strategy, and that the evaluation of the performance of the Board of Directors is through evaluating the performance of the sub-committees and the accuracy of the risk management work and the adequacy of the internal control systems to evaluate the performance.

An overview of the efforts of the Board of Directors to create Value Creation for corporate employees:
The availability of corporate values with the company's employees is created through the work of the Board of Directors by setting the corporate values of Value Creation within the company's short and long-term plan that supports the achievement of the company's strategic goals, and mechanisms and procedures have been put in place to ensure that the corporate values are achieved with the desired goals by motivating employees to work hard and improve their performance rates.

Eleventh Rule:

Focusing on the importance of Corporate Social Responsibility

A summary about developing a policy to ensure a balance between each of the company's goals and society's goals:

The concept of social responsibility is represented by the continuous commitment by the company to act ethically and contribute to achieving sustainable development for society in general and the employees of the company in particular, and because of the belief of the company in that way, it has set a policy aimed at achieving a balance between each of the company's goals and society's goals by creating an environment Contribute to and provide job opportunities for national employment and provide support for graduation projects for undergraduates and owners of small projects, contribute to reducing levels of unemployment in society and creating and improving the living, social and economic conditions appropriate for the workforce and families and society as a whole, and the awareness of social responsibility, which is based on a number of human values and standards of the high cooperation and a sense of responsibility towards each of his relationship with the company, and the optimum utilization of available resources.

An overview of the programs and mechanisms used that help highlight the company's efforts in the field of social work:

In continuation of the social role of the Oula Fuel Company in general and for children in particular, cooperation has been made with Abdullah House for Children's Care and Jahra Hospital, Children's Department, by providing them with moral and material support. Also participation in supporting the UNHCR committee.

The company also carried out a blood donation campaign for its employees in cooperation with the Central Blood Bank. In order to ensure the company's role in raising awareness of preserving the environment, it organized a beach cleaning campaign with the participation of the Environment Public Authority.

The company also participated in the career opportunities exhibition, out of its belief in the role of newly graduated young men and women in contributing to raising the company's performance. In addition, the company organized football tournament during the month of Ramadan in a competitive sports atmosphere to improve employees' participation.

Also, the continuity of working collaboratively towards environmental protection. The company also participated in supporting the charities morally and financially through the approval of the Ordinary General Assembly held on 04/04/2023 to allocate the amount of 3,000 KD (Three thousand and Kuwaiti dinars) for charitable donations.

Audit Committee Report for the Financial Year Ending 31/12/2023

The audit committee was formed according to the decision of the Board of Directors issued at its meeting No. (3-2023) held on 10/05/2023, and the Chairman was elected at the committee meeting held on 17/07/2023.

The period of validity of the committee coincides with the term of membership of the Board of Directors.

The tasks of the committee are to review the periodic financial statements, express an opinion and recommend them to the Board of Directors, set appropriate standards to enhance the performance of the Internal Audit Department and ensure its independence from the Executive Management, and ensure that external audits are carried out in a manner that achieves the

principle of double auditing. The committee also verifies the company's adherence to the laws, internal policies, rules, regulations and related instructions, and that the internal control systems related to financial and administrative matters are comprehensive and transparent, and the committee works to ensure the company adheres to the legal and regulatory requirements and international accounting standards, as well as to ensure the adequacy of the qualifications and expertise of the external auditors and their independence and the recommendation to appoint an internal audit manager with a climate of discipline and internal control for the company. The internal auditor and the external auditor are also entitled to request a meeting with the committee when necessary.

The committee meetings during 2023 | 7 meetings

The Audit Committee consists of the following members

Dr. Ali Hussain Abdullah Committee Chairman / Head	**Hashem Sameer Sayed Jawad Behbehani** Committee Member	**Dr. Ali Abdullah Al-Baghli** Committee Member (attended the first 3 meetings) **Masoud Abbas Akbar** Committee Member (appointed with the new formation of BOD)

Committee Achievements during 2023

- Recommending to the Board of Directors to approve the financial statements for the fiscal year ending 31/12/2022.
- Recommending to the Board of Directors to approve the quarterly interim financial statements for the year 2023.
- Review and discuss the findings of the Internal Control Systems Assessment Report (ICR).
- Review and supervise the business and annual plan of the Internal Audit Department.
- Discussing the reports and results of the internal audit department's recommendations.
- Discussing the annual evaluation of the head of the internal audit unit.
- Discussing the internal audit unit performance evaluation report.
- The election of the new committee head

The opinion of the committee regarding the internal control environment in the company:

The committee follows up and supervises the internal audit work based on risk assessment, and the committee believes that the company has an adequate and effective control environment, where most of the essential gaps are dealt with or their impact is minimized by the executive management. The committee also noted the executive's keenness to implement mechanisms and the internal control systems to ensure the protection of the company's assets in a way that ensures the correctness of the data, in addition to the efficiency of the company's operational processes and the adequacy of its financial and administrative aspects. The audit committee emanating from the Board of Directors monitors the implementation of the general policies and procedures for the internal audit systems, and the audit committee reviews the proposed annual plan for auditing work inside The company, where the committee held regular meetings with the internal auditor, during which it discussed reports, reviewed previous recommendations and the extent of response to those recommendations, in order to identify the risks and obstacles that the company might face and the degree of their importance and try to avoid those risks and develop internal control systems.

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التاريخ : 2024-3-13

إقرار وتعهد (سلامة ونزاهة البيانات المالية)

نقر ونتعهد نحن رئيس وأعضاء مجلس ادارة الشركة الاولى لتسويق الوقود بدقة وسلامة البيانات المالية التي تم تزويد المدقق الخارجي بها وبأن التقارير المالية للشركة قد تم عرضها بصورة سليمة وعادلة ووفقا لمعايير المحاسبة الدولية المطبقة في دولة الكويت . وانها معبرة عن المركز المالي للشركة كما في 31 ديسمبر 2023 وذلك بناء على ما ورد الينا من معلومات وتقارير من قبل الادارة التنفيذية ومدققين الحسابات وبذل العناية الواجبة للتحقق من سلامة ودقة هذه التقارير.

#	اسم العضو	المنصب	التوقيع
1	عبد المحسن صالح السلطان	رئيس مجلس الادارة	
2	عادل محمد طالب العوضي	نائب رئيس مجلس الإدارة والرئيس التنفيذي	
3	عبدالله متعب الشمري	عضو مجلس الادارة	
4	عبدالعزيز أحمد الدعيج	عضو مجلس الادارة	
5	علي عبدالله البقالي	عضو مجلس الادارة	
6	هاشم سمير سيد جواد بهبهاني	عضو مجلس الادارة	
7	محمد علي الخطيب	عضو مجلس الادارة	
8	مسعود غلوم عباس علي أكبر	عضو مجلس الادارة	

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Grant Thornton
Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report

Oula Fuel Marketing Company – KSCP and its Subsidiaries

Kuwait

31 December 2023

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Grant Thornton
Al-Qatami, Al-Aiban & Partners

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Independent auditor's report

To the Shareholders of
Oula Fuel Marketing Company - KSCP
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Oula Fuel Marketing Company - KSCP ("the Parent Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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' *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. We have determined the matters described below as the key audit matters.

Valuation of investment properties

The Group's investment properties represent a significant part of the Group's total assets. The valuation of investment properties is a significant judgment area requiring a number of assumptions including rental values, occupancy rates, capitalisation rate, market knowledge and historical transactions for other properties. Changes in these assumptions and judgments could lead to significant movements in valuation of investment properties and consequently unrealized gains or losses in the consolidated statement of profit or loss. The Group's disclosures about its investment properties are included in note 13.

Independent Auditor's Report to the Shareholders of Oula Fuel Marketing Company – KSCP (continued)

Key Audit Matters (continued)

Valuation of investment properties (continued)
Our audit procedures included assessing the appropriateness of management's process for reviewing and assessing the work of the external valuers and the valuations including management's consideration of competence and independence of the external valuers. We assessed the appropriateness of the valuation methodologies used in assessing the fair value of the investment properties including discussions with the management and challenging the estimates, assumptions and valuation methodology used in assessing the fair value of investment properties. We also obtained the underlying information provided by management to the independent valuers in relation to valuation assumptions to confirm that it was consistent with the information obtained during our audit.

Valuation of unquoted investments at fair value through other comprehensive income (FVTOCI)
The Group's investments in unquoted investments at FVTOCI represent a significant part of the Group's total assets. Due to their unique structure and terms, the valuation of these instruments is based either on external independent valuations or on entity-developed internal models and not on quoted prices in active markets. Therefore, there is significant measurement uncertainty involved in these valuations. As a result, the valuation of these instruments was significant to our audit. We have, therefore, spent significant audit efforts in assessing the appropriateness of the valuations and underlying assumptions. The Group's disclosures about its investments at fair value through other comprehensive income are included in note 16.

Our audit procedures included agreeing carrying value of the unquoted investments to the Group's internal or external valuations prepared using valuation techniques, assessing and challenging the appropriateness of estimates, assumptions and valuation methodology and obtained supporting documentation and explanations to corroborate the valuations.

Other information included in the Group's Annual Report for the year ended 31 December 2023
Management is responsible for the other information. Other information consists of the information included in the Group's Annual Report for the year ended 31 December 2023, 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

Independent Auditor's Report to the Shareholders of Oula Fuel Marketing Company – KSCP (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 skepticism throughout the audit. We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report to the Shareholders of Oula Fuel Marketing Company – KSCP (continued)

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

Report on Other Legal and Regulatory Requirements
Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, to the best of our knowledge and belief, no violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority ("CMA") and its relevant regulations have occurred during the year ended 31 December 2023 that might had a material effect on the business or financial position of the Parent Company.

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

Kuwait
13 March 2024

Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
REVENUE			
Revenue from sales and services		**163,851,051**	156,193,571
Cost of revenue		**(149,594,619)**	(142,528,263)
Operating expenses		**(10,673,885)**	(10,617,758)
Gross profit		**3,582,547**	3,047,550
Net change in fair value on revaluation of investment properties	13	**(814,337)**	(815,000)
Realised gain on disposal of investment property	13	**687,000**	50,000
Share of results of associate	15	**813,477**	1,377,420
Dividend income		**821,138**	182,534
Rental income		**906,814**	347,796
Interest income		**445,712**	326,253
Other income	7	**3,483,977**	3,592,641
		9,926,328	8,109,194
EXPENSE AND OTHER CHARGES			
General and administrative expenses		**(3,266,741)**	(3,281,624)
Finance costs		**(1,801,236)**	(418,365)
Provision for doubtful debts	17	**-**	(127,398)
		(5,067,977)	(3,827,387)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		**4,858,351**	4,281,807
Provision for KFAS		**(25,948)**	(27,540)
Provision for NLST		**(105,206)**	(117,612)
Provision for Zakat		**(28,097)**	(36,845)
Directors' remuneration		**(45,000)**	(45,000)
Profit for the year		**4,654,100**	4,054,810
Basic and diluted earnings per share	8	**11.50 Fils**	10.02 Fils

The notes set out on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Profit for the year	**4,654,100**	4,054,810
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Financial assets at fair value through other comprehensive income		
- Net change in fair value arising during the year	**208,563**	(355,856)
Share of other comprehensive income/(loss) of associate	**102,850**	(2,641,700)
Total other comprehensive income/(loss) that may be reclassified subsequently to consolidated statement of profit or loss	**311,413**	(2,997,556)
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
Equity investments at fair value through other comprehensive income		
- Net change in fair value arising during the year	**1,050,775**	(4,762,489)
Total other comprehensive income/(loss) that will not be reclassified subsequently to consolidated statement of profit or loss	**1,050,775**	(4,762,489)
Total other comprehensive income/(loss)	**1,362,188**	(7,760,045)
Total comprehensive income/(loss) for the year	**6,016,288**	(3,705,235)

The notes set out on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Notes	31 Dec. 2023 KD	31 Dec. 2022 KD
ASSETS			
Property and equipment	9	22,274,617	19,435,043
Intangible assets	10	691,121	796,206
Right of use assets	11	1,936,107	187,420
Leasehold rights	12	9,721,508	10,864,521
Investment properties	13	35,037,000	7,267,000
Investment property under development	14	-	30,373,484
Investment in associate	15	18,635,378	18,396,279
Investments at fair value through other comprehensive income	16	33,895,631	27,433,560
Inventories		1,400,912	1,259,298
Accounts receivable and other assets	17	2,720,904	2,502,649
Term deposits	18	6,800,000	7,015,522
Cash and bank balances	18	4,065,783	4,081,632
Total assets		137,178,961	129,612,614
EQUITY AND LIABILITIES			
Equity			
Share capital	19	40,456,810	40,456,810
Statutory reserve	20	7,233,830	6,747,995
Voluntary reserve	20	7,233,830	6,747,995
Fair value reserve		(5,748,937)	(7,456,245)
Retained earnings		20,547,293	19,232,699
Total equity		69,722,826	65,729,254
Liabilities			
Provision for employees' end of service benefits		1,295,911	1,191,595
Lease liabilities	21	1,735,892	-
Murabaha payable	22	2,522,646	2,918,412
Term loan	23	4,376,898	3,604,416
Wakala payable	24	28,116,591	28,042,790
Accounts payable and other liabilities	25	13,933,550	12,662,186
Due to a related party	27	15,434,520	14,977,069
Due to banks	18	40,127	486,892
Total liabilities		67,456,135	63,883,360
Total liabilities and equity		137,178,961	129,612,614

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الشركة الأولى لتسويق الوقود ش.م.ك
Oula Fuel Marketing Co.

Eng. Abdul Hussain S. Al Sultan
Chairman

Eng. Adel Mohmmed Al-Awadi
Vice Chairman & CEO

The notes set out on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Retained earnings KD	Total KD
Balance at 31 December 2022	**40,456,810**	**6,747,995**	**6,747,995**	**(7,456,245)**	**19,232,699**	**65,729,254**
Cash dividend (note 26)	-	-	-	-	(2,022,716)	(2,022,716)
Transactions with owners	-	-	-	-	(2,022,716)	(2,022,716)
Profit for the year	-	-	-	-	4,654,100	4,654,100
Total other comprehensive income	-	-	-	1,362,188	-	1,362,188
Total comprehensive income for the year	-	-	-	1,362,188	4,654,100	6,016,288
Transfer to reserves	-	485,835	485,835	-	(971,670)	-
Realised loss on disposal of investments at FVTOCI owned by the Group (note 16)	-	-	-	340,483	(340,483)	-
Share of realised loss on disposal of investments at FVTOCI owned by the associate	-	-	-	4,637	(4,637)	-
Balance at 31 December 2023	**40,456,810**	**7,233,830**	**7,233,830**	**(5,748,937)**	**20,547,293**	**69,722,826**

The notes set out on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Retained earnings KD	Total KD
Balance at 31 December 2021	40,456,810	6,319,814	6,319,814	1,032,876	17,327,891	71,457,205
Cash dividend (note 26)	-	-	-	-	(2,022,716)	(2,022,716)
Transactions with owners	-	-	-	-	(2,022,716)	(2,022,716)
Profit for the year	-	-	-	-	4,054,810	4,054,810
Total other comprehensive loss	-	-	-	(7,760,045)	-	(7,760,045)
Total comprehensive (loss)/income for the year	-	-	-	(7,760,045)	4,054,810	(3,705,235)
Transfer to reserves	-	428,181	428,181	-	(856,362)	-
Realised gain on disposal of investments at FVTOCI owned by the Group (note 16)	-	-	-	(714,525)	714,525	-
Share of realised gain on disposal of investments at FVTOCI owned by the associate	-	-	-	(14,551)	14,551	-
Balance at 31 December 2022	40,456,810	6,747,995	6,747,995	(7,456,245)	19,232,699	65,729,254

The notes set out on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
OPERATING ACTIVITIES			
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		**4,858,351**	4,281,807
Adjustments:			
Amortisation		**2,083,387**	1,231,991
Depreciation		**1,132,526**	1,793,518
Loss from write off of property and equipment		**1,270**	685,657
Loss from write off of inventories		**271,443**	247,516
Gain on sale of investment property	13	**(687,000)**	(50,000)
Change in fair value on revaluation of investment properties	13	**814,337**	815,000
Share of results of associate	15	**(813,477)**	(1,377,420)
Provision for doubtful debts		**-**	127,398
Dividend income		**(821,138)**	(182,534)
Interest income		**(445,712)**	(326,253)
Finance costs		**1,801,236**	418,365
Provision for employees' end of service benefits		**272,708**	270,107
		8,467,931	7,935,152
Changes in operating assets and liabilities:			
Inventories		**(413,057)**	(291,892)
Accounts receivable and other assets		**(211,108)**	213,786
Accounts payable and other liabilities		**1,280,611**	1,558,137
Due to a related party		**457,451**	1,152,437
Employees' end of service benefits paid		**(168,392)**	(68,584)
KFAS paid		**(36,142)**	-
NLST and Zakat paid		**(171,850)**	(84,354)
Directors' remuneration paid		**(45,000)**	(45,000)
Net cash from operating activities		**9,160,444**	10,369,682
INVESTING ACTIVITIES			
Additions to property and equipment		**(3,973,370)**	(3,393,478)
Purchase of investments at fair value through other comprehensive income		**(12,643,483)**	(8,604,673)
Proceeds from sale of investments at fair value through other comprehensive income	16	**7,440,750**	4,367,710
Additions to investment property		**(520,409)**	(500,000)
Proceeds from sale of investment properties	13	**3,000,000**	550,000
Movement of term deposits with contractual maturity exceeding three months		**(452,584)**	(2,014,682)
Additions to investment property under development		**-**	(1,902,939)
Dividend income received from associate	15	**677,228**	677,228
Dividend income received		**821,138**	182,534
Interest income received		**438,565**	284,626
Net cash used in investing activities		**(5,212,165)**	(10,353,674)

The notes set out on pages 12 to 53 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
FINANCING ACTIVITIES			
Payment of cash dividend		**(1,983,222)**	(2,398,543)
Payment of lease liabilities		**(848,084)**	(771,966)
Receipt of murabaha		**2,522,646**	-
Repayment of murabaha		**(2,918,412)**	(1,374,411)
Receipt of term loan		**3,572,482**	3,604,416
Repayment of term loan		**(2,800,000)**	(796,331)
Receipt of wakala payable		**1,198,801**	5,350,846
Repayment of wakala payable		**(1,125,000)**	(3,140,124)
Finance costs paid		**(1,804,680)**	(418,365)
Net cash (used in)/from financing activities		**(4,185,469)**	55,522
(Decrease)/increase in cash and cash equivalents		**(237,190)**	71,530
Cash and cash equivalents at beginning of the year	18	**4,762,846**	4,691,316
Cash and cash equivalents at end of the year	18	**4,525,656**	4,762,846

The notes set out on pages 12 to 53 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities

Oula Fuel Marketing Company – KSCP ("the Parent Company") is a Kuwaiti shareholding company incorporated on 17 May 2004 and commenced its operations on 9 May 2006. The Parent Company's shares were listed on the Boursa Kuwait on 18 December 2006.

The principal activities of the Parent Company are as follows:

- Acquisition, establishment, leasing, operating, and maintenance of petrol stations and their customer service centres, to provide all automobile services including changing of oil, car wash, maintenance workshop services and technical check-ups;
- The ability to fill and store fuel and to shop and trade in petroleum products in bulk or retail;
- Purchase, renting, owning and selling lease lands and real estate;
- Utilising the financial surpluses of the Parent Company by investing in financial and real estate portfolios managed by specialised companies and entities;
- Utilising the financial surpluses of the Parent Company by investing in portfolios managed by specialised companies and entities;
- Carrying on sales activities of the prepaid fuel cards and newest related electronic services;
- Buying or selling the company's shares but not exceeding 10% from its shares as per stated in the executive regulation of Law No 7 of 2010 concerning the establishment of CMA and regulating securities activity.

The Parent Company may have interests or participate in any suitable way with entities that are engaged in similar business activities of the Parent Company to achieve its objectives inside Kuwait and abroad without conflict with the Articles of Association of the Parent Company.

The Group comprises the Parent Company and its subsidiaries (note 6).

The address of the Parent Company's registered office is located in Al-Qebla area, P.O. Box 29009, Safat 13151, State of Kuwait.

These consolidated financial statements for the year ended 31 December 2023 were authorised for issue by the Board of Directors of the Parent Company on 13 March 2024 and are subject to the approval of the general assembly of the shareholders. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS") promulgated by the International Accounting Standards Board ("IASB").

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

The following new amendments or standards were effective for the current period.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Amendments – Disclosure of accounting policies	1 January 2023
IAS 8 Amendments – Definition of accounting estimates	1 January 2023

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

IAS 1 Amendments and IFRS Practice Statement 2 – Disclosure of accounting policies
The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies to assist entities to provide accounting policy disclosures that are more useful. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

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

IAS 8 Amendments – Definition of accounting estimates
The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

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

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

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

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments – Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments – Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IFRS 16 Amendments – Lease liability in a sale and leaseback	1 January 2024

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments
The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments (continued)
These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

IAS 1 Amendments - Classification of liabilities with debt covenants
The amendments to IAS 1 clarify that classification of liabilities as current or non-current depends only on the covenants that an entity is required to comply with on or before the reporting date. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

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

IAS 1 Amendments - Classification of liabilities as current or non-current
The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

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

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements
The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements.
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements.
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers.
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement.
- Liquidity risk information.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements (continued)
The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024.

Management will make required disclosures in the consolidated financial statements when the amendments become effective.

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

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

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

IAS 16 Amendments – Lease liability in a sale and leaseback
The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies

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

4.1 Basis of preparation

The consolidated financial statements of the Group have been prepared under the historical cost convention except for investments at fair value through other comprehensive income and investment properties which are measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The Group has elected to present the "consolidated statement of comprehensive income" in two statements: the "consolidated statement of profit or loss" and the "consolidated statement of profit or loss and other comprehensive income".

4.2 Basis of consolidation

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

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

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.3 Business combinations

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

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

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

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

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

4.4 Investment in associates

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

The Group's investment in associates is accounted for under the equity method of accounting, i.e. on the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment and the consolidated statement of profit or loss reflects the Group's share of the results of operations of associate.

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.4 Investment in associates (continued)

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

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

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

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

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

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

4.5 Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of fuel
- Rendering of services

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a service to a customer. The Group follows a 5-step process:

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

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

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts, if any, as other liabilities in the consolidated statement of financial position.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.5 Revenue recognition (continued)
Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, if any, in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.5.1 Sale of fuel
Sale of fuel income is recognised when the Group satisfies performance obligations by transferring the promised goods or services to its customers at an agreed rate.

4.5.2 Rendering of services
The Group earns service income from diverse range of services provided to its customers and is recognised at pre-agreed rates in accordance with the respective contracts with customers.

4.6 Rental income
Rental income is recognised on a straight-line basis over the lease term.

4.7 Interest income on financial assets
Interest income is recognised on an accrual basis using the effective interest method.

4.8 Dividend income
Dividend income, other than those from investment in associates, is recognised at the time the right to receive payment is established.

4.9 Operating expenses
Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their origin.

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

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

4.11 Taxation

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.11 Taxation (continued)

4.11.2 National Labour Support Tax (NLST)

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

4.11.3 Zakat

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

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

4.12 Segment reporting

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

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

4.13 Property and equipment

Property and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Property and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property and equipment.

The following useful lives are applied:

- Fuel stations 15 to 26 years
- Buildings 20 years
- Furniture and decoration 4 to 10 years
- Computers 4 to 5 years
- Equipment 4 to 10 years
- Vehicles 4 to 5 year

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.14 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are 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 treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss. Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or change in circumstances indicate the carrying value may be impaired, either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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 profit or loss when the asset is derecognised.

4.15 Leased assets

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

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

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

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee
At lease commencement date, the Group recognises a right of use asset and a lease liability on the balance sheet measured as follows:

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.15 Leased assets (continued)

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

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

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

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

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

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

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

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

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

4.16 Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.16 Investment properties (continued)
Investment properties are initially measured at cost. Subsequently, investment properties are revalued annually and are included in the consolidated statement of financial position at their fair values. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the consolidated statement of profit or loss within "change in fair value of investment properties" and "gain/loss on sale of investment properties"

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

4.17 Investment properties under development
Investment properties under development represent properties held for future use as investment property and is initially measured at cost. Subsequently, property under development is carried at fair value that is determined based on valuations performed by independent valuers at the end of each year using valuation methods consistent with the market conditions at the reporting date. Gains or losses from change in the fair value are recognised in the consolidated statement of profit or loss.

If the Group determines that the fair value of an investment property under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group measures that investment property under development at cost until either its fair value becomes reliably determinable or development is completed (whichever is earlier).

4.18 Inventories
Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.19 Financial instruments

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Financial instruments (continued)

4.19.1 Recognition, initial measurement and derecognition (continued)

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

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

4.19.2 Classification of financial assets

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

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (FVTOCI).

The classification is determined by both:

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

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

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

4.19.3 Subsequent measurement of financial assets

a) Financial assets at amortised cost

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Financial instruments (continued)

4.19.3 Subsequent measurement of financial assets (continued)

a) Financial assets at amortised cost (continued)

- *Accounts receivable and other assets*

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

- *Due from a related party*

Amounts due from transactions with related party and cash advances to related party are included under due from a related party.

- *Cash, bank balances and term deposits*

Cash and cash equivalents comprise cash on hand, cash held in managed portfolios, bank balances and term deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits placed with financial institutions with a maturity of three months to one year are classified as term deposits.

b) Financial assets at FVTOCI

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

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

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

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

Equity investments at FVTOCI

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

A financial asset is held for trading if:

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Financial instruments (continued)

4.19.3 Subsequent measurement of financial assets (continued)

b) Financial assets at FVTOCI (continued)

Equity investments at FVTOCI (continued)
Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

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

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

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Financial instruments (continued)

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

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

4.19.5 Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include accounts payable and other liabilities, due to a related party and borrowings from financial institutions.

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

Financial liabilities at amortized cost
These are stated using effective interest rate method. Accounts payable and other liabilities, due to a related party and borrowings from financial institutions are classified as financial liabilities other than at FVTPL.

- *Accounts payable and other liabilities*

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

- *Due to a related party*

Amounts due as a result of transactions with related party and cash advances from related party are included under due to a related party

- *Borrowings*

All borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

- *Murabaha and Wakala payable*

Murabaha and Wakala payable represent amount payable on deferred settlement basis for assets purchases under murabaha and wakala arrangements. Murabaha and wakala payable are stated at the total amount payable, less deferred finance costs. Deferred finance cost is expensed on a time apportionment basis taking account of the borrowing rate attributable and the balance outstanding.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.21 Amortised cost of financial instruments

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

4.22 Offsetting of financial instruments

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

4.23 Fair value of financial instruments

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

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

4.24 Impairment testing of goodwill and non-financial assets

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

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

4.25 Equity, reserves and dividend payments

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.25 Equity, reserves and dividend payments (continued)
Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' Law and the Parent Company's Memorandum of Incorporation and Articles of Association.

Fair value reserve comprises gains and losses relating to investments at fair value through other comprehensive income and share of associate's fair value reserve.

Retained earnings include all current and prior period retained profits.

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

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

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

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

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

4.27 Foreign currency translation

4.27.1 Functional and presentation currency
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

4.28 Employees' end of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.28 Employees' end of service benefits (continued)
The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

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

4.29 Related party transactions
Related parties represent subsidiaries, associates, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

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

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

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

5.1.1 Business model assessment
The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.19). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.1.2 Classification of real estate property
Management decides on acquisition of a real estate property whether it should be classified as trading, property under development or investment property.

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

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

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.1 Significant management judgments (continued)

5.1.2 Classification of real estate property (continued)
The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation.

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

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

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

5.2.2 Revaluation of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2023 and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of the investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5.2.3 Impairment of financial assets
Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future.

The Group based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

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

5.2.4 Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis.

Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimates uncertainty (continued)

5.2.4 Impairment of inventories
Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

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

5.2.6 Impairment of right of use assets
At the financial position date, the Group management determines whether there is any indication of impairment of right of use assets. In estimating the recoverable amount of the right of use assets, management makes assumptions about the achievable market rates for similar properties with similar lease terms. This method uses estimated cash flow projections over the lease term of the assets. Due to the associated uncertainty, it is possible that the estimates of the amount of lease payment that will be recovered through the sub-lease of the property may need to be revised in the future years.

5.2.7 Fair value of financial instruments
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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

Notes to the consolidated financial statements (continued)

6 Subsidiary companies

6.1 The details of the subsidiaries are as follows:

Name of subsidiary	Ownership percentage		Country of incorporation	Principal activities
	31 Dec. 2023 %	31 Dec. 2022 %		
Ultra Logistics Company - K.S.C. (Closed)	**97%**	96%	State of Kuwait	Logistic services
Ultra Holding Company - K.S.C. (Closed) and its subsidiaries as follows:	**96%**	96%	State of Kuwait	Operating central markets
Quick International Car Service Company - K.S.C. (Closed)	**96%**	96%	State of Kuwait	Car services
Ultra Supermarkets Services Company - K.S.C. (Closed)	**96%**	96%	State of Kuwait	Marketing services
Ultra Consulting Company – W.L.L.	**96%**	96%	State of Kuwait	Consultancy services
Nahda International Real Estate – W.L.L.	**99%**	99%	State of Kuwait	Consultancy services
Prontowash Kuwait for Car Wash and Lubrication Company – W.L.L.	**100%**	100%	State of Kuwait	Car services

6.1.1 Effective ownership percentage of all the subsidiaries above is 100% (2022: 100%).

6.2 Subsequent to the reporting date, the Group sold to a related party its entire ownership in Prontowash Kuwait for Car Wash and Lubrication Company – W.L.L. after purchasing all assets and liabilities of the subsidiary except for the leasehold land together with the building and furniture relating to leasehold land for a total consideration of KD2,500,000.

7 Other income

Other income mainly represents income from car wash, quick services, store rents and third parties' media advertising, all over the fuel stations.

8 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year after excluding treasury shares as follows:

	Year ended 31 Dec. 2023	Year ended 31 Dec. 2022
Profit for the year (KD)	**4,654,100**	4,054,810
Weighted average number of shares outstanding during the year (excluding treasury shares)	**404,568,117**	404,568,117
Basic and diluted earnings per share	**11.50 Fils**	10.02 Fils

Notes to the consolidated financial statements (continued)

9 Property and equipment

	Fuel stations KD	Buildings KD	Furniture and decoration KD	Computers KD	Equipment KD	Vehicles KD	Projects under construction KD	Total KD
31 December 2023								
Cost								
At 1 January 2023	19,254,322	208,152	1,048,141	2,352,983	1,551,312	2,297,318	4,689,144	31,401,372
Additions	-	1,200	217	32,260	2,370	16,800	3,920,523	3,973,370
Transfers from projects under construction	4,714,687	-	3,899	153,013	51,698	4,700	(4,927,997)	-
Write off	-	-	(550)	(99)	(2,300)	-	-	(2,949)
At 31 December 2023	23,969,009	209,352	1,051,707	2,538,157	1,603,080	2,318,818	3,681,670	35,371,793
Accumulated depreciation								
At 1 January 2023	6,804,319	109,819	979,340	2,269,033	1,372,887	430,931	-	11,966,329
Charge for the year	842,220	10,050	16,008	74,314	47,263	142,671	-	1,132,526
Relating to write off	-	-	(319)	(48)	(1,312)	-	-	(1,679)
At 31 December 2023	7,646,539	119,869	995,029	2,343,299	1,418,838	573,602	-	13,097,176
Net book value								
At 31 December 2023	16,322,470	89,483	56,678	194,858	184,242	1,745,216	3,681,670	22,274,617

Notes to the consolidated financial statements (continued)

9 Property and equipment (continued)

	Fuel stations KD	Buildings KD	Furniture and decoration KD	Computers KD	Equipment KD	Vehicles KD	Projects under construction KD	Total KD
31 December 2022								
Cost								
At 1 January 2022	19,622,937	208,152	1,039,921	2,331,866	1,457,488	2,282,158	2,139,177	29,081,699
Additions	-	-	1,230	7,305	31,805	13,150	3,339,988	3,393,478
Transfers from projects under construction	699,450	-	7,245	14,069	67,247	2,010	(790,021)	-
Write off	(1,068,065)	-	(255)	(257)	(5,228)	-	-	(1,073,805)
At 31 December 2022	19,254,322	208,152	1,048,141	2,352,983	1,551,312	2,297,318	4,689,144	31,401,372
Accumulated depreciation								
At 1 January 2022	6,406,117	99,819	963,299	2,216,207	1,335,756	289,457	-	11,310,655
Charge for the year	782,861	10,000	16,052	52,851	40,584	141,474	-	1,043,822
Relating to write off	(384,659)	-	(11)	(25)	(3,453)	-	-	(388,148)
At 31 December 2022	6,804,319	109,819	979,340	2,269,033	1,372,887	430,931	-	11,966,329
Net book value								
At 31 December 2022	12,450,003	98,333	68,801	83,950	178,425	1,866,387	4,689,144	19,435,043

9.1 Write off of property and equipment during the year amounting KD2,949 represents the write off of tools and equipment (2022: demolishing of previous structures, tools, equipment etc. in renovated fuel stations amounting KD1,073,805).

Notes to the consolidated financial statements (continued)

9 Property and equipment (continued)

9.2 Depreciation charge for the year has been allocated as follows:

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Operating expenses	**1,020,275**	948,908
General and administrative expenses	**112,251**	94,914
	1,132,526	1,043,822

9.3 Fuel stations, totalling 43 stations (31 December 2022: 43 stations), are constructed on lands leased from the Government of Kuwait on long term lease for a period of 26 years renewable, and amortised over the lease period (note 12).

9.4 Projects under construction represent major renovations and significant improvements being carried out at the fuel stations.

10 Intangible assets

	31 Dec. 2023 KD	31 Dec. 2022 KD
Cost		
At 1 January	**2,251,445**	2,251,445
At 31 December	**2,251,445**	2,251,445
Accumulated amortisation		
At 1 January	**1,455,239**	1,366,261
Charge for the year	**105,085**	88,978
At 31 December	**1,560,324**	1,455,239
Net book value at 31 December	**691,121**	796,206

Intangible assets include the costs of commercial licenses of KD1,786,090 (2022: KD1,786,090) for the fuel stations which are amortised on a straight-line basis over a useful economic life of 26 years.

Notes to the consolidated financial statements (continued)

11 Right of use assets

	31 Dec. 2023 KD	31 Dec. 2022 KD
Cost		
At 1 January	**3,211,079**	3,211,079
Addition	**2,583,976**	-
Derecognition	**(3,211,079)**	-
At 31 December	**2,583,976**	3,211,079
Accumulated depreciation		
At 1 January	**3,023,659**	2,273,963
Charge for the year	**835,289**	749,696
Relating to derecognition	**(3,211,079)**	-
At 31 December	**647,869**	3,023,659
Net book value at 31 December	**1,936,107**	187,420

The right of use assets represents the lease payments for the right of use of lands on which fuel stations are constructed (note 21).

12 Leasehold rights

	31 Dec. 2023 KD	31 Dec. 2022 KD
Cost		
At 1 January	**23,628,410**	23,628,410
At 31 December	**23,628,410**	23,628,410
Accumulated depreciation		
At 1 January	**12,763,889**	11,620,876
Charge for the year	**1,143,013**	1,143,013
At 31 December	**13,906,902**	12,763,889
Net book value at 31 December	**9,721,508**	10,864,521

Leasehold rights include the following:

a. the cost of right of use of the lands of fuel stations of KD22,178,410 (2022: KD22,178,410), which are amortised on a straight-line basis over a useful economic life of 26 years;

b. the cost of a leasehold right of a land amounting to KD1,450,000 (2022: KD1,450,000) located in Shuwaikh Industrial Area on which a subsidiary's building is erected. This leasehold right is amortised on a straight-line basis over a useful economic life of 5 years. This leasehold right was sold to a related party in the subsequent period (see note 6).

Notes to the consolidated financial statements (continued)

13 Investment properties

Movement in the carrying amount of the investment properties is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Carrying amount at the beginning of the year	**7,267,000**	8,082,000
Transferred from investment property under development (refer "c" below)	**30,376,928**	-
Additions during the year	**520,409**	500,000
Sold during the year (refer "d" below)	**(2,313,000)**	(500,000)
Change in fair value during the year	**(814,337)**	(815,000)
Carrying amount at the end of year	**35,037,000**	7,267,000

a. Investment properties were valued by two independent evaluators using income capitalisation method where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate, assuming full capacity of the properties that reflect recent transactions prices for similar properties and comparable market price approach. Loss amounting to KD814,336 (2022: loss amounting to KD815,000) was recognised from the revaluation.

b. Investment property with a carrying value of KD1,277,200 (31 December 2022: KD1,012,000) is registered in the name of nominees, who confirmed in writing in a letter dated 19 February 2024 that the Group has the beneficial ownership of those properties. The ownership of the properties is in the process of being transferred.

c. During the year, and due to completion of development, the Group has transferred an investment property that was under development with a carrying value of KD30,376,928 to investment properties (note 14). This property is mortgaged against wakala payables (note 24 a).

d. During the year, the Group sold an investment property with total carrying value of KD2,313,000 to a third party for a total consideration of KD3,000,000 resulting into gain of KD687,000 (2022: sold a land with a cost of KD500,000 to a third party for a total consideration of KD550,000 resulting into a gain of KD50,000).

e. All investment properties are managed by specialised companies.

14 Investment property under development

Movement in the carrying amount of the investment property under development is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Carrying amount at the beginning of the year	**30,373,484**	28,470,545
Additions during the year	**3,444**	1,902,939
Transferred to investment properties (note 13 c)	**(30,376,928)**	-
Carrying amount at the end of year	**-**	30,373,484

a. The additions to the investment property under development mainly represent the amounts incurred during the year for the development of the property.

b. Finance costs of KD3,444 (31 December 2022: KD830,616) have been capitalised during the year.

Notes to the consolidated financial statements (continued)

15 Investment in associate

15.1 Details of the investment in associate are given below:

Name of associate	Ownership percentage		Country of incorporation	Principal activities
	31 Dec. 2023 %	31 Dec. 2022 %		
National Leasing and Financing Company - KSC (Closed) – Unquoted	**40.69**	40.69	State of Kuwait	Leasing and investments

15.2 Movement in the carrying amount of the investment in associate is as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Carrying amount at the beginning of the year	**18,396,279**	20,337,787
Share of results for the year	**813,477**	1,377,420
Dividend received	**(677,228)**	(677,228)
Share of other comprehensive income/(loss)	**102,850**	(2,641,700)
Carrying amount at the end of year	**18,635,378**	18,396,279

The Group has accounted for the results of National Leasing and Financing Company – KSC (Closed) using audited financial statements for the year ended 31 December 2023.

15.3 Summarised financial information of the Group's associate is set out below:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Total assets	**71,942,170**	72,991,758
Total liabilities	**26,140,812**	27,780,343
Net assets	**45,801,358**	45,211,415
Net assets attributable to owners of the associate	**45,800,576**	45,211,415

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Revenue	**5,747,235**	6,341,455
Profit for the year	**2,004,598**	3,413,955
Total comprehensive income/(loss) for the year	**1,890,493**	(3,113,998)
Share of results	**813,477**	1,377,420

There are no contingent liabilities relating to the Parent Company's interest in the above associate.

Notes to the consolidated financial statements (continued)

16 Investments at fair value through other comprehensive income

The components of investments at fair value through other comprehensive income are as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Local quoted securities held through managed portfolios	**16,813,121**	16,151,701
Local unquoted securities held through managed portfolios	**13,778,204**	8,608,039
Foreign quoted securities held through managed portfolios	**3,066,674**	2,438,357
Foreign unquoted securities held through managed portfolio	**237,632**	235,463
	33,895,631	27,433,560

These investments are held for medium to long term strategic objectives. Accordingly, the management has chosen to identify these investments as investments at fair value through other comprehensive income where it is believed that the recognition of short-term fluctuations in the fair value of these investments in the statement of profit or loss will not be consistent with the Group's strategy to hold such investments for long-term purposes and realizing their performance potential in the long term.

During the year, the Group sold investments at fair value through other comprehensive income with a total cost of KD7,781,233 (31 December 2022: KD3,653,185) for a total consideration of KD7,440,750 (31 December 2022: KD4,367,710) resulting in a loss of KD340,483 (31 December 2022: gain of KD714,525) recognized directly in retained earnings within equity.

17 Accounts receivable and other assets

	31 Dec. 2023 KD	31 Dec. 2022 KD
Financial assets		
Trade receivables	**1,718,388**	1,242,711
Refundable deposits	**27,563**	23,410
Other receivables	**498,535**	490,429
	2,244,486	1,756,550
Less: provision for doubtful debts (refer "a" below)	**(127,398)**	(127,398)
	2,117,088	1,629,152
Non-financial assets		
Prepaid expenses	**603,816**	873,497
	603,816	873,497
	2,720,904	2,502,649

a. The movement of the provision for doubtful debts during the year is as follow:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at the beginning of the year	**127,398**	-
Charge for the year (note 27)	-	127,398
Balance at the end of the year	**127,398**	127,398

Notes to the consolidated financial statements (continued)

18 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents of the Group comprise of the following:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Cash on hand and bank balances	**3,736,237**	3,383,226
Cash held in managed portfolios	**329,546**	698,406
Total cash and bank balances	**4,065,783**	4,081,632
Term deposits with contractual maturity not exceeding three months	**500,000**	1,168,106
Term deposits with contractual maturity exceeding three months	**6,300,000**	5,847,416
Total term deposits	**6,800,000**	7,015,522
	10,865,783	11,097,154
Less: Term deposits with contractual maturity exceeding three months	**(6,300,000)**	(5,847,416)
Less: Due to banks	**(40,127)**	(486,892)
Cash and cash equivalents as per consolidated statement of cash flows	**4,525,656**	4,762,846

a. Term deposits carry annual interest rate ranging from 4.25% to 4.90% (31 December 2022: 2.63% to 5.40%).

b. Due to banks represents overdraft facilities obtained from local banks and carry annual interest rate of 1.00% (31 December 2022: from 1.00% to 1.50%) above CBK discount rate and are payable on demand.

19 Share capital

	31 Dec. 2023 KD	31 Dec. 2022 KD
Authorised, issued and fully paid in cash – 404,568,117 shares of 100 Fils each	**40,456,810**	40,456,810

20 Statutory and voluntary reserves

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year before KFAS, NLST, Zakat and directors' remuneration is to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid-up share capital.

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

In accordance with the Parent Company's Articles of Association, up to 10% of the profit for the year before KFAS, NLST, Zakat and directors' remuneration is to be transferred to the voluntary reserve at the discretion of the board of directors subject to the approval of the general assembly of the shareholders.

There are no restrictions on the distribution of the voluntary reserve.

Notes to the consolidated financial statements (continued)

21 Lease liabilities

Lease liabilities represent the lease payments for the right of use of lands on which fuel stations are constructed (note 11).

Lease liabilities are presented in the consolidation statement of financial position as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at beginning of the year	-	771,966
Additions	2,583,976	-
Finance charge	51,134	11,644
Payment made during the year	(899,218)	(783,610)
Balance at end of the year	1,735,892	-
Instalments due within next twelve months	(855,896)	-
Instalments due after next twelve months	879,996	-

22 Murabaha payable

	31 Dec. 2023 KD	31 Dec. 2022 KD
Local murabaha facility of KD7,633,000 (refer "a" below)	-	2,918,412
Local murabaha facility of KD3,000,000 (refer "b" below)	2,522,646	-
	2,522,646	2,918,412
Instalments due within next twelve months	-	(625,024)
Instalments due after next twelve months	2,522,646	2,293,388

a. This murabaha facility was provided to the Group by a local Islamic bank and carried average annual profit rate of 1.50% above CBK discount rate. During the year, the Group has settled this facility in full.

b. During the year, the Group obtained murabaha facility amounting KD3,000,000 from a local Islamic bank of which KD2,522,646 were utilized. This murabaha facility carries average annual profit rate of 1.25% above CBK discount rate.

23 Term loan

	31 Dec. 2023 KD	31 Dec. 2022 KD
Local loan facility of KD 10,000,000	4,376,898	3,604,416
	4,376,898	3,604,416
Instalments due within next twelve months	(2,500,000)	(2,500,000)
Instalments due after next twelve months	1,876,898	1,104,416

The term loan carries an annual interest rate of 1% (31 December 2022 1%) above CBK discount rate.

Notes to the consolidated financial statements (continued)

24 Wakala payable

	31 Dec. 2023 KD	31 Dec. 2022 KD
Wakala payables of KD25,000,000 – (refer "a" below)	**23,401,500**	23,950,083
Wakala payable of KD2,000,000 – (refer "b" below)	**-**	476,417
Wakala payable of KD2,000,000 – (refer "c" below)	**1,500,000**	1,600,000
Wakala payable of KD4,000,000 – (refer "c" below)	**3,215,091**	2,016,290
	28,116,591	28,042,790
Instalments due within next twelve months	**(4,240,091)**	(3,057,580)
Instalments due after next twelve months	**23,876,500**	24,985,210

a. The Group obtained two wakala payable facilities amounting to KD20,000,000 and KD5,000,000 during 2020 from a local Islamic bank of which KD23,401,500 (31 December 2022: KD23,950,083) were utilised to finance the purchase and development of an investment property (note 13 c) and to settle the outstanding balance of the term loan previously obtained for this purpose. The wakala facilities carry an average annual profit rate of 1% (31 December 2022: 1%) above CBK discount rate and are secured against the property. These wakala payables mature on various dates ending on 25 September 2026.

b. This wakala payable facility was provided to the Group by a local Islamic bank and carried an average annual profit rate of 1.75% above CBK discount rate. The wakala payable matured on 7 December 2023. During the year, the Group has settled this facility in full.

c. These wakala payable facilities were provided to the Group by local Islamic banks and carry an average annual profit rate of 1.25% (31 December 2022: 1.25%) above CBK discount rate. The wakala payables mature on various dates ending on 16 June 2024 and are renewable.

25 Accounts payable and other liabilities

	31 Dec. 2023 KD	31 Dec. 2022 KD
Trade payables	**4,187,933**	3,922,970
Accrued expenses	**3,592,965**	3,456,167
Dividends payable	**1,756,270**	1,716,776
Staff payable	**1,313,943**	1,070,787
Provision for KFAS	**94,643**	104,837
Provision for NLST	**133,852**	161,445
Provision for Zakat	**36,741**	47,695
Directors' remuneration	**45,000**	45,000
Advances received and other liabilities	**2,772,203**	2,136,509
	13,933,550	12,662,186

Notes to the consolidated financial statements (continued)

26 General assembly of shareholders and dividends

Subject to the requisite consent of the relevant authorities and approval of the shareholders' general assembly, the directors of the Parent Company propose for the year ended 31 December 2023 a cash dividend of 5 Fils (2022: cash dividend of 5 Fils) per share of paid up share capital.

The directors of the Parent Company propose board of directors' remuneration of KD45,000 for the year ended 31 December 2023 (2022: KD45,000). This proposal is also subject to approval of the shareholders' general assembly.

The annual general assembly of the shareholders held on 4 April 2023 approved the consolidated financial statements of the Group for the year ended 31 December 2022 and cash dividend of 5% (2021: 5%) of paid up share capital equivalent to 5 Fils (2021: 5 Fils) per share amounting to KD2,022,716 (2021: KD2,022,716). Further, the shareholders approved the board of directors' remuneration of KD45,000 for the year ended 31 December 2022 (2021: KD45,000).

27 Related party transactions and balances

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

Details of transactions and balances between the Group and other related parties are disclosed below.

	Year ended 31 Dec. 2023 KD	Year ended 31 Dec. 2022 KD
Transactions included in consolidated statement of profit or loss:		
Sales (major shareholders)	**1,266,383**	1,271,651
Cost of revenue (major shareholder)	**(149,497,970)**	(142,434,358)
General and administrative expenses	**(46,434)**	(57,029)
Provision for doubtful debts (note 17)	**-**	(127,398)
Key management compensation:		
Salaries and other short-term benefits	**274,597**	257,414
End of service benefits	**16,362**	15,785
Provision for directors' remuneration	**45,000**	45,000
	335,959	318,199

Notes to the consolidated financial statements (continued)

27 Related party transactions and balances (continued)

	31 Dec. 2023 KD	31 Dec. 2022 KD
Balances included in consolidated statement of financial position:		
Accounts receivable and other assets – net of KD127,398 provision	**420,436**	286,790
Due to a related party (major shareholder)	**15,434,520**	14,977,069
Purchase of investments at fair value through other comprehensive income	**82,003**	1,084,779
Disposal of investments at fair value through other comprehensive income	**63,828**	512,243
Contingent liabilities:		
Letter of guarantee (note 29)	**5,000,000**	5,000,000

28 Segmental analysis

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

The Group operates in the sectors of fuel marketing and other related services and investments as follows:

	Fuel marketing and other related services KD	Investments KD	Total KD
For the year ended 31 December 2023			
Revenue	167,335,028	2,859,804	170,194,832
Segment profit	3,799,783	1,058,568	4,858,351
Unallocated expenses			(204,251)
Profit for the year			4,654,100
At 31 December 2023			
Total assets	42,810,952	94,368,009	137,178,961
Total liabilities	(32,440,000)	(35,016,135)	(67,456,135)
Net assets	10,370,952	59,351,874	69,722,826

Notes to the consolidated financial statements (continued)

28 Segmental analysis (continued)

	Fuel marketing and other related services KD	Investments KD	Total KD
For the year ended 31 December 2022			
Revenue	159,937,428	1,317,787	161,255,215
Segment profit	3,382,385	899,422	4,281,807
Unallocated expenses			(226,997)
Profit for the year			4,054,810
At 31 December 2022			
Total assets	39,126,769	90,485,845	129,612,614
Total liabilities	(29,317,742)	(34,565,618)	(63,883,360)
Net assets	9,809,027	55,920,227	65,729,254

29 Contingent liabilities and capital commitments

As at 31 December 2023, the Group had issued a letter of guarantee amounting to KD5,000,000 (31 December 2022: KD5,000,000) in respect of purchase commitments of fuel from Kuwait National Petroleum Company ("KNPC"), from which it is anticipated that no material liabilities will arise.

Further, as at 31 December 2023, the Group had capital commitments amounting to KD2,815,237 relating to renovation of fuel stations (31 December 2022: KD2,341,958 relating to the investment property under development and the renovation of fuel stations).

30 Risk management objectives and policies

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

The Parent Company's board of directors is ultimately responsible for the overall risk management and for approving risk strategies and principles. The Group's risk management focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance. Long term financial investments are managed to generate lasting returns.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

30.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Almost all transactions of the Group are conducted in Kuwait Dinar and, therefore, the Group is not significantly exposed to foreign currency risk.

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.1 Market risk (continued)

b) Interest and profit rate risk

Interest and profit rate risk arises from the possibility that changes in interest and profit rates will affect future profitability or the fair values of financial instruments. The Group has no significant interest-bearing assets other than bank balances and term deposits. The Group is exposed to interest rate risk with respect to its term loan, wakala payable and murabaha payable. The board monitors the interest rate risk by setting limits.

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

The following table illustrates the sensitivity of the profit for the year to a reasonably possible change in interest rates of +1% and –1% (31 December 2022: +1% and –1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition.

The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant. There is no direct impact on the Group's equity:

	31 Dec. 2023		31 Dec. 2022	
	+1% KD	**-1% KD**	+1% KD	-1% KD
Profit for the year	**(343,391)**	**343,391**	(42,729)	42,729

There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

c) Price risk

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

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

The sensitivity analyses below have been determined based on the exposure to equity and debt price risks at the reporting date. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If equity and debt prices had been 2% (2022: 2%) higher/lower, the effect on the equity would have been as follows:

	Equity	
	31 Dec. 2023 KD	31 Dec. 2022 KD
Investments at fair value through other comprehensive income	**± 398,100**	± 371,938

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities. It also obtains security when appropriate.

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

	31 Dec. 2023 KD	31 Dec. 2022 KD
Investments at fair value through other comprehensive income	**33,895,631**	27,433,560
Accounts receivable and other assets (note 17)	**2,117,088**	1,629,152
Term deposits	**6,800,000**	7,015,522
Bank balances and cash held in managed portfolios (note 18)	**3,066,543**	3,159,838
	45,879,262	39,238,072

Bank balances are maintained with high credit quality financial institutions.

30.3 Liquidity risk

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

The Group maturity profile of financial liabilities based on discounted contractual arrangement is as follows:

	Up to 1 month KD	1-3 months KD	3-12 months KD	Over one year KD	Total KD
31 December 2023					
Liabilities					
Lease liabilities	-	-	855,896	879,996	1,735,892
Murabaha payable	-	-	-	2,522,646	2,522,646
Term loan	-	625,000	1,875,000	1,876,898	4,376,898
Wakala payable	-	256,250	3,983,841	23,876,500	28,116,591
Accounts payable and other liabilities	1,161,129	2,322,258	10,450,163	-	13,933,550
Due to a related party	-	15,434,520	-	-	15,434,520
Due to banks	40,127	-	-	-	40,127
	1,201,256	18,638,028	17,164,900	29,156,040	66,160,224

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.3 Liquidity risk (continued)

	Up to 1 month KD	1-3 months KD	3-12 months KD	Over one year KD	Total KD
31 December 2022					
Liabilities					
Murabaha payable	156,256	156,256	312,512	2,293,388	2,918,412
Term loan	-	625,000	1,875,000	1,104,416	3,604,416
Wakala payable	16,290	256,250	2,785,040	24,985,210	28,042,790
Accounts payable and other liabilities	1,055,182	2,110,364	9,496,640	-	12,662,186
Due to a related party	-	14,977,069	-	-	14,977,069
Due to banks	486,892	-	-	-	486,892
	1,714,620	18,124,939	14,469,192	28,383,014	62,691,765

The undiscounted cash flows for the financial liabilities are not materially different from those presented above.

31 Fair value measurement

31.1 Fair value measurement of financial instruments

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

	31 Dec. 2023 KD	31 Dec. 2022 KD
Financial assets		
At amortised cost		
Accounts receivable and other assets (note 17)	**2,117,088**	1,629,152
Term deposits	**6,800,000**	7,015,522
Cash and bank balances	**4,065,783**	4,081,632
Financial assets at fair value		
Investments at fair value through other comprehensive income	**33,895,631**	27,433,560
	46,878,502	40,159,866
Financial liabilities		
Financial liabilities at amortised cost		
Lease liabilities	**1,735,892**	-
Murabaha payable	**2,522,646**	2,918,412
Term loan	**4,376,898**	3,604,416
Wakala payable	**28,116,591**	28,042,790
Accounts payable and other liabilities	**13,933,550**	12,662,186
Due to a related party	**15,434,520**	14,977,069
Due to banks	**40,127**	486,892
	66,160,224	62,691,765

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

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.2 Fair value measurement

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

31.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows;

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

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

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

	Level 1 KD	Level 3 KD	Total KD
31 December 2023			
Investments at fair value through other comprehensive income			
Local quoted securities held through managed portfolios	**16,813,121**	**-**	**16,813,121**
Local unquoted securities held through managed portfolios	**-**	**13,778,204**	**13,778,204**
Foreign quoted securities held through managed portfolios	**3,066,674**	**-**	**3,066,674**
Foreign unquoted securities held through managed portfolio	**-**	**237,632**	**237,632**
	19,879,795	**14,015,836**	**33,895,631**
31 December 2022			
Investments at fair value through other comprehensive income			
Local quoted securities held through managed portfolios	16,151,701	-	16,151,701
Local unquoted securities held through managed portfolios	-	8,608,039	8,608,039
Foreign quoted securities held through managed portfolios	2,438,357	-	2,438,357
Foreign unquoted securities held through managed portfolio	-	235,463	235,463
	18,590,058	8,843,502	27,433,560

There has been no transfer between levels 1 and 2 during the year. The Group does not have any financial liabilities measured at fair value.

Level 3 fair value measurements

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

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.3 Fair value hierarchy (continued)

Level 3 fair value measurements (continued)

	Investments at fair value through OCI	
	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at the beginning of the year	**8,843,502**	5,655,490
Additions during the year	**11,861,687**	6,431,378
Disposals during the year	**(7,052,754)**	(2,186,710)
Transfer from Level 1	**374,000**	-
Change in fair value	**(10,599)**	(1,056,656)
Balance at the end of year	**14,015,836**	8,843,502

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

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

Measurement at fair value

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

a. **Quoted securities**

The underlying investments in the managed portfolios primarily comprise of local quoted securities whose fair values has been determined by reference to their quoted bid prices at the reporting date.

b. **Unquoted securities**

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, market multipliers and adjusted net book value which include some assumptions that are not supportable by observable market prices or rates.

31.4 Fair value measurement of non-financial assets

The following table shows the fair value hierarchy of non-financial assets measured at fair value:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2023				
Investment properties				
Investment lands and buildings in Kuwait	-	-	**35,037,000**	**35,037,000**
	-	-	**35,037,000**	**35,037,000**
31 December 2022				
Investment properties				
Investment lands and buildings in Kuwait	-	-	7,267,000	7,267,000
	-	-	7,267,000	7,267,000

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.4 Fair value measurement of non-financial assets (continued)

Investment properties in Kuwait
The investment properties in Kuwait represent investment lands and buildings categorized as "investment properties". The fair value of the properties has been determined based on valuations obtained from independent valuers, who are specialised in valuing these types of investment properties. The significant inputs and assumptions are developed in close consultation with management. The valuers who are local reputable valuers have valued the properties primarily by income capitalisation method and comparable market approach. When the income capitalisation approach is used adjustments have been incorporated for factors specific to the building such as plot size, location, current use, rental yield, age of building and its general condition.

For valuation purposes, the Group has selected the lower value of the two valuations obtained for each investment property.

Further information regarding the fair value measurements is set out in the table below:

31 December 2023

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties in Kuwait	Income capitalsation approach	Average monthly rent (per sqm)	KD13 – KD65	Higher the price per square meter, higher the fair value
	Comparable market approach	Price (per sqm)	KD1,831 – KD9,904	Higher the price, higher the fair value

31 December 2022

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties in Kuwait	Income capitalsation approach	Average monthly rent (per sqm)	KD13 – KD33	Higher the price per square meter, higher the fair value
	Comparable market approach	Price (per sqm)	KD1,763 – KD4,771	Higher the price, higher the fair value

The non-financial assets within this level can be reconciled from beginning to ending balances as follows:

	Investment properties	
	31 Dec. 2023 KD	31 Dec. 2022 KD
Balance at the beginning of the year	**7,267,000**	8,082,000
Transferred from investment property under development	**30,376,928**	-
Additions during the year	**520,409**	500,000
Sold during the year	**(2,313,000)**	(500,000)
Change in fair value during the year	**(814,337)**	(815,000)
Balance at the end of the year	**35,037,000**	7,267,000
Total amount included in consolidated statement of profit or loss for unrealised losses on level 3 assets	**(814,337)**	(815,000)

Notes to the consolidated financial statements (continued)

32 Capital management objectives

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

The Group manages the capital structure and makes adjustments 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 the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of the following:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Murabaha payable	**2,522,646**	2,918,412
Term loan	**4,376,898**	3,604,416
Wakala payable	**28,116,591**	28,042,790
Less: Cash and cash equivalents	**(4,525,656)**	(4,762,846)
Net debt	**30,490,479**	29,802,772
Total equity	**69,722,826**	65,729,254

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total equity as follows:

	31 Dec. 2023 KD	31 Dec. 2022 KD
Net debt	**30,490,479**	29,802,772
Total equity	**69,722,826**	65,729,254
Gearing ratio	**44%**	45%

33 Comparative figures

Certain comparative figures for prior year have been reclassified to conform to presentation of the consolidated financial statements for the current year. The reclassification has no effect on the previously reported results, total assets, total liabilities or equity.

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Oula Stations - Address - Services / محطـات الأولى - عناوين - خدمات متوفرة

رقم المحطة STATION No.	ممتاز PREMIUM	خصوصي SUPER	ألترا ULTRA	ديزل DIESEL	كيروسين KEROSENE	غسيل السيارات AUTOWASH	غسيل السيارات CAR WASH	سوق مركزي SUPERMARKET	مركز الخدمة SERVICE CENTER	برونتو واش PRONTOWASH	مطاعم FAST FOOD

رقم المحطة STATION NUMBER			PREMIUM	SUPER	ULTRA	DIESEL	KEROSENE	CAR WASH (AUTOWASH)	CAR WASH	SUPERMARKET	SERVICE CENTER	PRONTOWASH	FAST FOOD
			AVAILABLE PRODUCTS الخدمات المتوفرة					غسيل السيارات CAR WASH					
1	AL Ahmadi Al Moghawaa	الأحمدي شمال الأحمدي	●	●		●	●						
4	Abdal	العبدلي	●	●		●							
11	AL Omaria Airport Road	العميرية طريق المطار	●	●	●			●		●	●		
14	AL Salmiya	السالمية الدائري الربع	●	●	●			●		●	●		
15	AL Qaser Al N'aeem st.	القصر قطعة 2	●	●	●			●		●	●	●	
17	AL Qurain Al Ghos st.	القرين شارع الغوص	●	●	●		●	●					
23	AL Dua'ai	الدعية	●	●	●			●		●	●		
26	Um Al Aish	أم العيش	●	●		●	●						
28	Qortoba 4th Ring Road	قرطبة الدائري الربع	●	●	●			●		●	●	●	
31	AL Ruqii 4th Ring Road	الرقعي الدائري الربع	●	●	●	●				●	●	●	
33	AL Khaldiya	الخالدية	●	●	●			●		●	●		
38	AL Ardiya Al Ardiya Industrial	العارضية	●	●		●				●	●		
41	Dasman Ahmed Al Jaber st.	دسمان	●	●									
42	Shuwaikh Shuwaikh Industrial	الشويخ	●	●	●	●	●						
45	Al Shuhada 6th Ring Road	الشهداء جنوب السرة	●	●	●	●		●		●	●		
49	AL Funtas Al Sahel Road	الفنطاس الطريق الساحلي	●	●	●			●		●			
50	Kaifan Ashbelia st.	كيفان	●	●									
52	AL Shadadiyah 6th Ring Road	الشدادية الدائري السادس	●	●		●	●	●		●	●		
57	AL Fehahel Next to fire Brigade	الفحيحيل بجانب المطافي	●	●			●				●		
60	AL Adaam King Fahad Road	الأدعمي طريق الملك فهد	●			●							
65	Hawalli 3rd Ring Road	حولي الدائري الثالث	●	●	●			●		●			
68	Bayan Block 8	بيان قطعة 8	●	●	●			●		●			
70	Sabah Al Salem Block 12	صباح السالم قطعة 12	●	●	●	●	●		●				
71	AL Salmiya 5th Ring Road	السالمية الدائري خامس	●	●	●			●		●		●	
75	Ali Sabah Al Salem Block 9 - Um Al Haiman	علي صباح السالم قطعة 9 أم الهيمان	●	●	●		●		●				
77	AL Jabria Block 2	الجابرية	●	●	●			●		●	●	●	
82	Mubarak Al Kabir Block 3	مبارك الكبير قطعة 9	●	●	●	●		●		●	●		
83	AL Atraf Al Salmi Road	الأطراف طريق السالمي	●	●		●	●						
85	AL Adan King Fahed Road	العدان طريق الملك فهد	●	●	●	●	●						
86	AL Oyoon Block 3	العيون قطعة 3	●	●		●	●	●		●	●		
89	AL Wafra Block 2 - Road 300	الوفرة قطعة 2 ش 300	●	●		●	●						
90	AL Sulaibia Block 4	الصليبية قطعة 4	●	●	●	●							
92	Eshbelia Block 4	اشبيلية قطعة 4	●	●	●	●							
96	AL Shuwaikh Jamal Abd Al Naser st.	الشويخ شارع جمال عبدالناصر	●	●	●			●					
101	Sharq Al Istiqlal st	شرق تقاطع شارع الاستقلال	●	●	●								
103	Airport Exit Airport Road	مخرج المطار طريق المطار	●	●	●								
104	East Sulaibikhat Block 1 - Al Nhda	شرق الصليبخات قطعة 1 – النهضة	●	●	●								
107	Abdullah Al Mubarak West Jalib Al Shulukh	عبدالله المبارك غرب جليب الشيوخ	●	●	●			●		●	●		
109	South Airport 7th Ring Road	جنوب المطار الدائري السابع	●	●	●	●	●						
110	AL Massila Fahaheel Highway	المسيلة بداية خط الفحيحيل السريع	●	●	●			●		●	●		
120	Mubarak Al Abdullah West Mishref	مبارك العبدالله غرب مشرف	●	●	●			●		●	●		
121	Kabd Block 2	كبد قطعة 2	●	●	●	●	●			●	●		●
122	West Shuaiba king Fahad Road	غرب الشعيبة طريق الملك فهد السريع	●	●	●	●	●			●	●		●