Grant Thornton
Al-Qatami, Al-Aiban & Partners

# Financial statements and independent auditor's report

## Noor GCC Islamic Fund

## Kuwait

31 December 2025

# Contents

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# Independent Auditor's Report

To the Unit Holders
Noor GCC Islamic Fund
Kuwait

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Noor GCC Islamic Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants *(including International Independence Standards)* issued by International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

**Other Matter**

The financial statements of the Fund for the year ended 31 December 2024 were audited by other auditor who issued an unmodified audit report on 28 January 2025.

**Responsibilities of Management and Those Charged with Governance for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

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## Independent Auditor's Report to the Unit Holders of Noor GCC Islamic Fund (continued)

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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## Independent Auditor's Report to the Unit Holders of Noor GCC Islamic Fund (continued)

### Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Fund and the financial statements are in accordance therewith. We further report that we obtained the information and explanations that we required for the purpose of our audit and that the financial statements incorporate the information required by the Fund's Articles of Association, as amended and that, to the best of our knowledge and belief, no violations of the Fund's Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Fund.

We further report, to the best of our knowledge and belief, no violations of the provisions of Law No. 7 of 2010 regarding the Capital Markets Authority ("CMA") and its relevant regulations have occurred during the year ended 31 December 2025, that might have had a material effect on the business or financial position of the Fund.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
2 February 2026

# Statement of profit or loss and other comprehensive income

| | Notes | Year ended 31 Dec. 2025 KD | Year ended 31 Dec. 2024 KD |
|---|---|---|---|
| **Income** | | | |
| Change in fair value of financial assets at fair value through profit or loss | | **258,848** | 293,397 |
| Gain on sale of financial assets at fair value through profit or loss | | **13,210** | 87,606 |
| Dividends income | | **246,654** | 238,797 |
| Yield income | | **304** | 29,786 |
| Foreign currency exchange (loss)/gain | | **(10,224)** | 2,285 |
| | | **508,792** | 651,871 |
| **Expenses and other charges** | | | |
| Management Fees | 12 | **(90,572)** | (107,816) |
| Fund Custodian and Investment Controller fees | 13 & 14 | **(7,548)** | (8,985) |
| Other expenses | | **(11,293)** | (11,432) |
| | | **(109,413)** | (128,233) |
| **Profit for the year** | | **399,379** | 523,638 |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income for the year** | | **399,379** | 523,638 |

*The notes set out on pages 8 to 20 form an integral part of these financial statements.*

# Statement of financial position

| | Notes | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 195,901 | 857,472 |
| Financial assets at fair value through profit or loss | 8 | 5,268,607 | 5,636,233 |
| Other assets | | 90,151 | 50,100 |
| **Total assets** | | 5,554,659 | 6,543,805 |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Accrued expenses and other liabilities | 9 | 31,044 | 42,553 |
| **Total liabilities** | | 31,044 | 42,553 |
| **Equity** | | | |
| Capital | 10 | 4,581,548 | 5,756,348 |
| Units (deficit) / premium | | (13,501) | 188,715 |
| Retained earnings | | 955,568 | 556,189 |
| **Total equity** | | 5,523,615 | 6,501,252 |
| **Total liabilities and equity** | | 5,554,659 | 6,543,805 |
| **Net asset value ("NAV") per unit** | 11 | 1.206 | 1.129 |

Noor Financial Investment Company - KPSC
Fund Manager

Gulf Custody Company - KSCC
Fund Custodian and Investment Controller

*The notes set out on pages 8 to 20 form an integral part of these financial statements*

# Statement of changes in equity

| | Capital<br>KD | Units premium<br>/(Units deficit)<br>KD | Retained<br>earnings<br>KD | Total<br>KD |
|---|---|---|---|---|
| **Balance at 1 January 2025** | **5,756,348** | **188,715** | **556,189** | **6,501,252** |
| Redemption of redeemable units | **(1,174,800)** | **(202,216)** | **-** | **(1,377,016)** |
| Total comprehensive income for the year | **-** | **-** | **399,379** | **399,379** |
| **Balance at 31 December 2025** | **4,581,548** | **(13,501)** | **955,568** | **5,523,615** |
| **Balance at 1 January 2024** | 6,781,098 | 290,801 | 32,551 | 7,104,450 |
| Redemption of redeemable units | (1,024,750) | (102,086) | - | (1,126,836) |
| Total comprehensive income for the year | - | - | 523,638 | 523,638 |
| **Balance at 31 December 2024** | 5,756,348 | 188,715 | 556,189 | 6,501,252 |

*The notes set out on pages 8 to 20 form an integral part of these financial statements.*

# Statement of cash flows

| | Note | Year ended 31 Dec. 2025 KD | Year ended 31 Dec. 2024 KD |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit for the year | | 399,379 | 523,638 |
| **Adjustments:** | | | |
| Change in fair value of financial assets at fair value through profit or loss | | (258,848) | (293,397) |
| Gain on sale of financial assets at fair value through profit or loss | | (13,210) | (87,606) |
| Dividends income | | (246,654) | (238,797) |
| Yield income | | (304) | (29,786) |
| | | (119,637) | (125,948) |
| **Changes in operating assets and liabilities:** | | | |
| Financial assets at fair value through profit or loss | | 639,684 | 333,991 |
| Accrued expenses and other liabilities | | (11,509) | 7,854 |
| Dividend income received | | 206,603 | 188,697 |
| Yield income received | | 304 | 36,298 |
| **Net cash from operating activities** | | 715,445 | 440,892 |
| **FINANCING ACTIVITIES** | | | |
| Payments for redeemed units | | (1,377,016) | (1,126,836) |
| **Net cash used in financing activities** | | (1,377,016) | (1,126,836) |
| **Decrease in cash and cash equivalents** | | (661,571) | (685,944) |
| Cash and cash equivalents at beginning of the year | 7 | 857,472 | 1,543,416 |
| **Cash and cash equivalents at end of the year** | 7 | 195,901 | 857,472 |

*The notes set out on pages 8 to 20 form an integral part of these financial statements.*

# Notes to the financial statements

## 1 Incorporation and activities

Noor GCC Islamic Fund ("the Fund") is an open-ended investment Fund domiciled in the State of Kuwait. The Fund has been incorporated on 13 February 2007 as an open-ended investment fund with a five-year period in accordance with the Decree Law No. 31 of 1990 on the Regulation of Securities Trading and the Establishment of Investment Funds.

The term of the Fund is five years commencing from the date of establishment. This term is renewable subject to approval of more than 50% of the unit holders, the Capital Markets Authority (CMA) has approved the renewal of the Fund's license for three years effective from 5 February 2024.

The Fund aims to realize long-term capital profits, to develop returns by mainly investing in the listed shares or holding interests in the companies that will be listed in Kuwait Stock Exchange, or in the official GCC stock exchanges and to invest the surplus in investment instruments market (short and medium-term deposits that are in compliance with Islamic Sharea' principles) while considering the restrictions applicable to investment in such system.

The Fund is being managed by Noor Financial Investment Company K.P.S.C. ("the Fund's Manager") whose head office is located in Noor building, Shuwaikh, intersection of Jahra Street and Airport Road- within National Industries Company buildings.

Gulf Custody Company K.S.C.C. is the Custodian, Investment Controller and Unitholders registrar.

The Fund Manager has amended some articles of the Fund's Articles of Association in accordance with Resolution No. (1) of 2022 issued by the Capital Markets Authority regarding the amendment of some provisions of collective investment schemes. The latest amendments to the Fund's Articles of Association were approved by the Capital Markets Authority on 26 March 2025.

The financial statements for the year ended 31 December 2025 was authorized for issuance by the Fund Manager and the Fund Custodian and Investment Controller on 29 January 2026.

## 2 Basis of preparation and presentation

The financial statements have been prepared under the historical cost convention except for the financial assets at fair value through profit or loss that have been measured at fair value.

The financial statement has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Fund.

## 3 Statement of compliance

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

## 4 Changes in accounting policies

### 4.1 New and amended IFRS Accounting Standards adopted by the Fund

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

| *Standard or Interpretation* | *Effective for annual periods beginning* |
|---|---|
| IAS 21 Amendments – Lack of exchangeability | 1 January 2025 |

# Notes to the financial statements (continued)

## 4 Changes in accounting policies (continued)

### 4.1 New and amended IFRS Accounting Standards adopted by the Fund (continued)

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

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

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

### 4.2 IASB Standards issued but not yet effective

At the date of authorisation of these 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 Fund.

| *Standard or Interpretation* | *Effective for annual periods beginning* |
|---|---|
| IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments | 1 January 2026 |
| IFRS 18 Presentation and Disclosure in Financial Statements | 1 January 2027 |
| Annual Improvements to IFRS Accounting Standards – volume 11 | 1 January 2026 |

**IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments**
The amendments to IFRS 7 and IFRS 9 addresses three changes:

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

# Notes to the financial statements (continued)

## 4 Changes in accounting policies (continued)

### 4.2 IASB Standards issued but not yet effective (continued)

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

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

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

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

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

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

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

**Annual Improvements to IFRS Accounting Standards – volume 11**
The annual improvement project updates a number of standards primarily providing clarifications and removing inconsistencies.

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

# Notes to the financial statements (continued)

## 5 Material accounting policies

The material accounting policies applied in preparation of the financial statements are as follows:

### 5.1 Dividend income

Dividend income is recognised when the Fund's right to receive the payment is established.

### 5.2 Yield income

Yield income is recognised on a time proportion basis using effective yield rate method.

### 5.3 Operating expenses

Operating expenses are recognised in the statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

### 5.4 Financial instruments

#### *5.4.1 Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when the Fund 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 statement of profit or loss, which are measured initially at fair value.

Subsequent measurement of financial assets and liabilities are described below:

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

- Rights to receive cash flows from the financial assets have expired;
- The Fund 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 Fund has transferred substantially all the risks and rewards of the asset or
  (b) The Fund has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

Where the Fund 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 Fund'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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of profit or loss and other comprehensive income.

# Notes to the financial statements (continued)

## 5 Material accounting policies (continued)

### 5.4 Financial instruments (continued)

#### *5.4.1 Recognition, initial measurement and derecognition (continued)*

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 profit or loss (FVTPL)

The classification is determined by both:

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

#### *5.4.2 Classification of financial assets*

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

- The Fund 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 Fund 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.

#### *5.4.3 Subsequent measurement for financial assets*

- *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated at fair value through profit or loss):

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

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

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

*Cash and cash equivalents*
Cash and cash equivalents comprise of cash at bank, cash in investment portfolios and short-term deposits due within three months which are subject to insignificant changes in value

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

# Notes to the financial statements (continued)

## 5 Material accounting policies (continued)

### 5.4 Financial instruments (continued)

#### *5.4.3 Subsequent measurement for financial assets (continued)*

- *Financial assets at FVTPL*

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. The category also contains investments in equity shares.

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

The Fund's financial assets at FVTPL comprise investment in equity shares.

#### *5.4.4 Impairment of Financial assets*

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is discounted at an approximation to the asset's original effective yield rate. The expected cash flows will include cash flows from sale of collateral held or other credit enhancements that are regarded as an integral part of the contractual terms.

In terms of accured revenues and other debit balances, the Fund adopted the standard's simplified approach and calculated ECL on the basis of ECL period. The Fund has established a provision based on the historical experience of credit losses, adjusted for the future factors of debtors and the economic environment.

#### *5.4.5 Classification and subsequent measurement of financial liabilities*

The Fund's financial liability represent other liabilities. The subsequent measurement of financial liabilities depends on their classification as follows:

- *Financial liabilities at amortised cost*

They are stated using the effective interest rate method. Accrued expenses and other liabilities are classifies as financial liabilities other than at FVTPL.

*Accrued expenses and other liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

### 5.5 Amortised cost of financial instruments

This is computed using the effective yield 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 yield rate.

### 5.6 Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date basis, 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 financial statements (continued)

## 5 Material accounting policies (continued)

### 5.7 Offset of financial instruments

Financial assets and liabilities are offset and the net amount reported in the 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.

### 5.8 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 approaches.

### 5.9 Equity

Capital represents issues redeemable units, which are redeemable in accordance with the unit holders option and are classified as equity under the amendment to IAS 32. Subject to the Articles of Association, as amended, the redeemable units can be returned to the Fund at any time against cash that is equal to a proportionate share of the net assets of the Fund.

Units premium / deficit resulting from the difference between the latest NAV and the par value is debited / credited to the unit premium / deficit account. On redemption, the premium repayable is debited to the unit premium / deficit account. For units redeemed at price lower than the par value the difference is credited to the unit premium / deficit account.

### 5.10 NAV per unit

NAV per unit is calculated in accordance with the Articles of Association of the Fund, as amended, by dividing the net assets value disclosed in the statement of financial position by the number of units outstanding at the reporting date.

### 5.11 Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Fund, 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 the statement of profit or loss and other comprehensive income. 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.

### 5.12 Provisions

Provisions are recognised when the Fund 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 Fund 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.

# Notes to the financial statements (continued)

## 6 Significant management judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

## 7 Cash and cash equivalents

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|---|---|---|
| Bank balances | 58,415 | 515,941 |
| Cash at investment portfolios | 137,486 | 341,531 |
| | 195,901 | 857,472 |

## 8 Financial assets at fair value through profit or loss

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|---|---|---|
| Quoted securities | 5,268,607 | 5,636,233 |

The distribution of the financial assets at fair value through profit or loss according to their country and sector are as follows:

| | Banking KD | Industrials KD | Services KD | Real estate KD | Others KD | Total KD |
|---|---|---|---|---|---|---|
| **31 December 2025** | | | | | | |
| Kuwait | 984,623 | 289,922 | 173,100 | 240,679 | 49,003 | 1,737,327 |
| UAE | 151,586 | 207 | 61,569 | 673,015 | 380,816 | 1,267,193 |
| KSA | 629,806 | 349,282 | 122,455 | 64,826 | 121,448 | 1,287,817 |
| Qatar | 469,687 | 378,295 | - | 56,804 | 71,484 | 976,270 |
| | 2,235,702 | 1,017,706 | 357,124 | 1,035,324 | 622,751 | 5,268,607 |
| **31 December 2024** | | | | | | |
| Kuwait | 683,389 | 299,402 | 181,952 | 165,978 | 26,248 | 1,356,969 |
| UAE | 116,633 | 157 | 60,832 | 851,618 | 334,513 | 1,363,753 |
| KSA | 911,223 | 450,964 | 169,046 | 62,031 | 194,703 | 1,787,967 |
| Qatar | 522,876 | 488,419 | - | 61,518 | 54,731 | 1,127,544 |
| | 2,234,121 | 1,238,942 | 411,830 | 1,141,145 | 610,195 | 5,636,233 |

The hierarchy for determining and disclosing the fair values of financial instruments is presented in note 17.2.

# Notes to the financial statements (continued)

## 9 Accrued expenses and other liabilities

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|---|---|---|
| Accrued management fees to the Fund Manager | **21,175** | 26,819 |
| Accrued fees to Fund Custodian and Investment Controller | **1,765** | 2,235 |
| Other credit balances | **8,104** | 13,499 |
| | **31,044** | 42,553 |

## 10 Capital

The authorized capital of the Fund is variable and ranging from KD2,000,000 to KD50,000,000 (31 December 2024: KD2,000,000 to KD50,000,000) divided into units with a nominal value KD 1 per unit.

As at 31 December 2025, the issued and paid-up capital of the Fund was KD4,581,548 (31 December 2024: KD5,756,348) divided into units with a nominal value of KD 1 each.

## 11 Net asset value per unit

| | 31 Dec. 2025 | 31 Dec. 2024 |
|---|---|---|
| Net asset value (KD) | **5,523,615** | 6,501,252 |
| Number of units outstanding (unit) | **4,581,548** | 5,756,348 |
| Net asset value per unit (KD) | **1.206** | 1.129 |

## 12 Management fees

The Fund Manager is entitled to management fees of 1.5% of the Fund's net assets value per annum which are payable every three months within fifteen days of the operation. Where the Fund aims to realize an annual return of 15% (i.e. targeted performance standard), the Fund Manager is entitled, plus the management fees, to incentive fee of 15% of the realized value that exceeds the targeted performance standard and are payable at the end of financial year. Should an investor redeem the units during the financial year, the incentive fees will be calculated on returns that exceeds 15% relating to value of the redeemed units only. In all cases, the maximum fees paid to the Fund Manager may not exceed 5% per annum.

## 13 Fund Custodian fees

Gulf Custody Company K.S.C.C. undertakes the duties of the Fund Custodian against total annual fees of 0.0625% of the Fund's net asset value, which are calculated monthly and paid quarterly.

## 14 Investment Controller fees

Gulf Custody Company K.S.C.C. undertakes the duties of the Investment Controller against total annual fees of 0.0625% of the Fund's net asset value for its duties as Investment Controller, which are calculated monthly and paid quarterly.

## 15 Related party transactions and balances

These represent transactions and balances with major Unitholders, Fund Manager, Fund Custodian and Investment Controller and companies of which they are principal owners or over which they are able to exercise significant influence. All related party transactions are carried out on terms approved by the Fund Manager.

# Notes to the financial statements (continued)

## 15 Related party transactions and balances (continued)

Details of significant transactions and balances with related parties are as follows:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|---|---|---|
| **Balances included in statement of financial position** | | |
| Accrued management fees to the Fund Manager (note 9) | **21,175** | 26,819 |
| Accrued fees to Fund Custodian and Investment Controller (note 9) | **1,765** | 2,235 |

| | Year ended 31 Dec. 2025 KD | Year ended 31 Dec. 2024 KD |
|---|---|---|
| **Transactions included in statement of profit or loss and other comprehensive income** | | |
| Management fees | **90,572** | 107,816 |
| Fund Custodian and Investment Controller | **7,548** | 8,985 |

In accordance with the Fund's Articles of Association, participation of the Fund Manager in the Fund's units upon incorporation must not be less than KD100,000 and not exceed 95% of the Fund's issued capital. As at 31 December 2025, the Fund Manager holds 2,850,000 units representing 62.21% of the Fund's subscribed units (31 December 2024: 3,850,000 units representing 66.88% of the Fund's subscribed units). During the year, the Fund Manager redeemed 1,000,000 units which were equivalent to KD1,164,932 as of the redemption date.

## 16 Risk management objectives and policies

The Fund'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 Fund's management sets out policies for reducing each of the risks discussed below.

The Fund does not use derivative financial instruments.

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

### 16.1 Market risk

#### a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund is exposed to foreign exchange risk arising from financial assets denominated in foreign currencies. The Fund is primarily exposed to foreign currencies in relation to the currencies of the GCC countries, other than Kuwaiti Dinar.

# Notes to the financial statements (continued)

## 16 Risk management objectives and policies (continued)

### 16.1 Market risk (continued)

#### a) Foreign currency risk

At the reporting date, the Fund's significant net exposure to foreign currency risk is as follows:

| | 31 Dec 2025 KD | 31 Dec 2024 KD |
|---|---|---|
| Saudi Riyal | **1,287,818** | 1,787,966 |
| UAE Dirham | **1,267,193** | 1,363,754 |
| Qatari Riyal | **976,270** | 1,127,543 |

As at 31 December 2025, if the Kuwaiti Dinar exchange rate against other currencies had increased by 5%, with all other variables held constant, profit for the year would have been lower by KD176,564 (31 December 2024: profit for the year would have been lower by KD213,963).

A decrease in the Kuwaiti Dinar exchange rate by 5% against other currencies, with all other variables held constant, would have resulted in a similar impact, but in the opposite direction.

#### b) Yield rate risk

Yield rate risk arises from the possibility that changes in yield rates will affect future profitability or the fair values of financial instruments. The Fund does not have any floating yield earning assets/bearing liabilities and consequently it is not exposed to any significant yield rate risks.

#### c) Price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments traded in the market. The Fund is exposed to equity price risk with respect to its equity investments classified as financial assets carried at fair value through profit or loss. Accordingly, any changes in market conditions will directly affect the statement of profit or loss and other comprehensive income.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Fund manager.

The Fund's policy is to concentrate the investment portfolio in sectors where management believes the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

As at 31 December 2025, if the fair value of investments in equities had been higher by 5%, with all other variables held constant, profit for the year would have been higher by KD263,431 (2024: profit for the year would have been higher by KD281,812). A decrease of 5% in the fair value of investments in equities, with all other variables held constant, would result in a similar impact, but in the opposite direction, on profit.

# Notes to the financial statements (continued)

## 16 Risk management objectives and policies (continued)

### 16.2 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 Fund's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the statement of financial position date, as summarized below:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|---|---|---|
| Cash and cash equivalents | **195,901** | 857,472 |
| Other assets | **90,151** | 50,100 |
| | **286,052** | 907,572 |

The Fund mitigates credit risk by depositing cash with financial institutions of high credit standing; accordingly, any expected credit losses are not material to the financial statements as a whole. Expected credit losses on other assets are immaterial.

### 16.3 Liquidity risk
Liquidity risk is the risk that the Fund will be unable to meet its liabilities when they fall due. To limit this risk, the Fund invests in investments that are readily convertible to cash, and plans and manages the Fund's expected cash flows by maintaining adequate cash reserves and matching the maturities of financial assets and financial liabilities. All financial liabilities are due within three months from the reporting date.

## 17 Fair value measurement

### 17.1 Fair value hierarchy
Fair value represents the price that would be received to sell an asset or will be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: Fair value measurements are those derived from inputs other than quoted prices included in 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: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Notes to the financial statements (continued)

## 17 Fair value measurement (continued)

### 17.2 Fair value measurement of financial instruments

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

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|---|---|---|
| Financial assets: | | |
| *At amortised cost:* | | |
| Cash and cash equivalents | 195,901 | 857,472 |
| Other assets | 90,151 | 50,100 |
| *At fair value* | | |
| Financial assets at fair value through profit or loss | 5,268,607 | 5,636,233 |
| | 5,554,659 | 6,543,805 |
| Financial liabilities: | | |
| *At amortised cost:* | | |
| Other liabilities | 31,044 | 42,553 |

The Fund Manager considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortised cost, approximate their fair values.

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.

As of 31 December 2025 and 31 December 2024, the financial assets measured at fair value on a recurring basis in statement of financial position are based on quoted market prices, therefore, these financial assets are classified under Level 1.
There were no transfers between levels during the year.

## 18 Capital risk management

The Fund's financial resources represent total equity. The net asset value of the Fund is attributable to the unit holders may be significantly changed due to the subscriptions and redemptions that are implemented by the unit holders. The Fund's objective, when managing the financial resources, is to safeguard the Fund's ability to continue in order to provide returns for the unit holders and benefits for other stakeholders and to maintain financial resources that support the investment activities of the Fund.

The Fund Manager monitors its financial resources based on the Fund's net asset value attributable to the unit holders that are recoverable.

## 19 Annual General Assembly

Unit holders approved the Fund's audited financial statements for the year ended 31 December 2024 at the annual general meeting held on 14 May 2025 (31 December 2023: 28 May 2024).

## 20 Comparative amounts

Certain comparative amounts have been reclassified to conform to current year presentation of the financial statements. Such reclassification did not affect previously reported total assets, total equity or net results for the year.

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