Grant Thornton
Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report

Kuwait Real Estate Company – KPSC and Subsidiaries

Kuwait

31 December 2024

Contents

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Independent auditor's report

To the Shareholders of
Kuwait Real Estate Company – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait Real Estate Company - KPSC (the "Parent Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

The Group's investment properties comprise of lands and buildings, including right of use assets. The total carrying value of the investment properties are significant to the Group's consolidated financial statements and are carried at fair value. Management determines the fair value of its investment properties on a periodic basis using external appraisers to support the valuation.

Investment properties are valued using mark to market approach which is based on the latest sale prices of properties within similar areas for certain investment properties, and income capitalization approach which is based on estimates and assumptions such as rental values, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions for certain other properties. Also, the disclosures relating to the assumptions are relevant, given the estimation uncertainty and sensitivity of the valuations. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we identified this as a key audit matter. The Group's disclosures about its investment properties are included in Notes 17 and 31.3 to the consolidated financial statements.

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Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)

Key Audit Matters (continued)

Valuation of investment properties (continued)
As part of our audit procedures amongst others, we have evaluated the above assumptions and estimates made by management and the external appraisers in the valuation and assessed the appropriateness of the data supporting the fair value. Furthermore, we assessed the appropriateness of the disclosures relating to the sensitivity of the assumptions.

Valuation of financial assets at FVTPL and FVTOCI
The Group's financial assets at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVTOCI") include significant unquoted investments. Due to their unique structure and terms, the valuation of these instruments is based either on external independent valuations or on entity-developed internal models. Therefore, there is significant measurement uncertainty involved in valuations. As a result, the valuations of these instruments were 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 financial assets at FVTPL and FVTOCI are included in Notes 11, 15 and 31.2 to the consolidated financial statements.

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and 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.

Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

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

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

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

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

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.

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Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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 No.1 of 2016 and its Executive Regulations nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

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

Kuwait
26 March 2025

Consolidated statement of profit or loss

	Notes	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Income			
Real estate rental income		**33,437,626**	28,650,858
Revenue from contracts with customers		**1,424,888**	249,712
		34,862,514	28,900,570
Real estate operating expenses		**(9,833,924)**	(7,069,476)
Cost of contracts with customers		**(2,435,987)**	(1,115,781)
		(12,269,911)	(8,185,257)
Gross income		**22,592,603**	20,715,313
Change in fair value of investment properties	17	**9,475,562**	(6,487,329)
Gain on sale of investment properties	17.4	**-**	10,958,893
Change in fair value of properties under development	16	**55,683**	45,790
Change in fair value of financial assets at FVTPL		**2,482,385**	758,535
Loss on sale of financial assets at FVTPL		**(71,739)**	(28,233)
Dividend income		**375,626**	362,354
Share of results of associates	14.2	**(2,029,236)**	398,451
Loss on disposal of associate		**-**	(120,000)
Other income		**490,096**	391,491
		33,370,980	26,995,265
Expenses and other charges			
General and administrative expenses		**(3,499,309)**	(2,967,672)
Finance costs	8	**(12,890,139)**	(10,924,254)
Provision charge for doubtful debts	12	**-**	(150,927)
		(16,389,448)	(14,042,853)
Profit for the year before taxation on overseas subsidiaries		**16,981,532**	12,952,412
Taxation on overseas subsidiaries		**(692,087)**	-
Profit for the year before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and directors' remuneration		**16,289,445**	12,952,412
Provisions for KFAS, NLST and Zakat		**(744,328)**	(633,661)
Board of directors' remuneration	28	**(60,000)**	(60,000)
Profit for the year		**15,485,117**	12,258,751
Attributable to:			
Owners of the Parent Company		**13,414,640**	11,287,000
Non-controlling interests		**2,070,477**	971,751
Profit for the year		**15,485,117**	12,258,751
Basic and diluted earnings per share (Fils)	9	**13.84**	11.58

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Profit for the year	**15,485,117**	12,258,751
Other comprehensive income:		
Items that will not be reclassified subsequently to consolidated statement of profit or loss		
Net change in fair value of financial assets at FVTOCI	**23,241,479**	12,256,669
Items that will be reclassified subsequently to consolidated statement of profit or loss		
Net change in fair value of financial assets at FVTOCI	**-**	212,468
Exchange differences arising on translation of foreign operations	**378,623**	15,804
Share of other comprehensive income of associates	**(755,332)**	841,406
Total other comprehensive income for the year	**22,864,770**	13,326,347
Total comprehensive income for the year	**38,349,887**	25,585,098
Attributable to:		
Owners of the Parent Company	**36,279,410**	24,613,347
Non-controlling interests	**2,070,477**	971,751
Total comprehensive income for the year	**38,349,887**	25,585,098

Consolidated statement of financial position

	Notes	31 Dec. 2024 KD	31 Dec. 2023 KD
Assets			
Cash and cash equivalents	10	**12,356,006**	6,168,176
Financial assets at fair value through profit or loss	11	**17,838,377**	10,958,486
Accounts receivable and other assets	12	**15,270,478**	22,104,420
Due from related parties	27	**14,524,805**	16,312,323
Trading properties	13	**37,182,589**	8,163,775
Investment in associates	14	**11,678,960**	12,949,186
Financial assets at fair value through other comprehensive income	15	**83,073,600**	52,785,580
Capital work in progress		**1,951,102**	53,180
Properties under development	16	**2,835,820**	7,867,584
Investment properties	17	**261,302,456**	253,631,531
Property and equipment		**2,898,014**	2,407,119
Total assets		**460,912,207**	393,401,360
Liabilities and Equity			
Liabilities			
Due to banks	18	**5,181,424**	3,561,368
Accounts payable and other liabilities	19	**21,928,048**	18,535,468
Lease liabilities	20	**8,232,000**	7,860,289
Borrowings	21	**223,347,579**	199,051,069
Due to related parties	27	**5,671,846**	5,714,560
Provision for employees' end of service benefits		**1,171,381**	1,002,627
Total liabilities		**265,532,278**	235,725,381
Equity			
Share capital	22	**100,420,696**	94,736,506
Share premium	22	**3,425,191**	3,425,191
Treasury shares	23	**(7,135,682)**	(5,171,096)
Statutory and voluntary reserves	24	**29,725,313**	26,881,519
Other components of equity	25	**25,663,770**	1,798,379
Retained earnings		**26,978,681**	24,402,046
Equity attributable to owners of the Parent Company		**179,077,969**	146,072,545
Non-controlling interests		**16,301,960**	11,603,434
Total equity		**195,379,929**	157,675,979
Total liabilities and equity		**460,912,207**	393,401,360

Talal Jassem Al Bahar
Vice Chairman & Chief Executive Officer

The notes set out on pages 12 to 62 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company							Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Other components of equity KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2024	94,736,506	3,425,191	(5,171,096)	26,881,519	1,798,379	24,402,046	146,072,545	11,603,434	157,675,979
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	2,628,049	2,628,049
Purchase of treasury shares	-	-	(34,605,969)	-	-	-	(34,605,969)	-	(34,605,969)
Sale of treasury shares	-	-	32,641,383	-	2,334,476	-	34,975,859	-	34,975,859
Bonus shares distributions (note 28)	5,684,190	-	-	-	-	(5,684,190)	-	-	-
Cash dividends distribution (note 28)	-	-	-	-	-	(3,643,877)	(3,643,877)	-	(3,643,877)
Total transactions with the owners	5,684,190	-	(1,964,586)		2,334,476	(9,328,067)	(3,273,987)	2,628,049	(645,938)
Profit for the year	-	-	-	-	-	13,414,640	13,414,640	2,070,477	15,485,117
Other comprehensive income for the year	-	-	-	-	22,864,771	-	22,864,771	-	22,864,771
Total comprehensive income for the year	-	-	-	-	22,864,771	13,414,640	36,279,411	2,070,477	38,349,888
Gain on disposal of financial assets at FVTOCI	-	-	-	-	(1,333,856)	1,333,856	-	-	-
Transferred to reserves	-	-	-	2,843,794	-	(2,843,794)	-	-	-
Balance at 31 December 2024	100,420,696	3,425,191	(7,135,682)	29,725,313	25,663,770	26,978,681	179,077,969	16,301,960	195,379,929

The notes set out on pages 12 to 62 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the Parent Company							Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserves KD	Other components of equity KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2023	94,736,506	3,425,191	(3,214,552)	24,485,387	(19,147,172)	27,389,043	127,674,403	4,364,185	132,038,588
Arising on partial disposal of a subsidiary	-	-	-	-	-	77,576	77,576	1,327,424	1,405,000
Arising on acquisition of subsidiary (note 7.5)	-	-	-	-	-	-	-	4,940,074	4,940,074
Purchase of treasury shares	-	-	(23,931,374)	-	-	-	(23,931,374)	-	(23,931,374)
Sale of treasury shares	-	-	19,003,130	-	1,322,000	-	20,325,130	-	20,325,130
Bonus shares distributions (note 28)	-	-	2,971,700	-	(177,702)	(2,793,998)	-	-	-
Cash dividends distribution (note 28)	-	-	-	-	-	(2,686,537)	(2,686,537)	-	(2,686,537)
Total transactions with the owners	-	-	(1,956,544)	-	1,144,298	(5,402,959)	(6,215,205)	6,267,498	52,293
Profit for the year	-	-	-	-	-	11,287,000	11,287,000	971,751	12,258,751
Other comprehensive income for the year	-	-	-	-	13,326,347	-	13,326,347	-	13,326,347
Total comprehensive income for the year	-	-	-	-	13,326,347	11,287,000	24,613,347	971,751	25,585,098
Loss on disposal of financial assets at FVTOCI	-	-	-	-	6,474,906	(6,474,906)	-	-	-
Transferred to reserves	-	-	-	2,396,132	-	(2,396,132)	-	-	-
Balance at 31 December 2023	94,736,506	3,425,191	(5,171,096)	26,881,519	1,798,379	24,402,046	146,072,545	11,603,434	157,675,979

The notes set out on pages 12 to 62 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
OPERATING ACTIVITIES			
Profit for the year		**15,485,117**	12,258,751
Adjustments:			
Depreciation		**749,887**	229,241
Finance costs		**12,890,139**	10,924,254
Change in fair value of investment properties	17	**(9,475,562)**	6,487,329
Gain on sale of investment properties	17.4	**-**	(10,958,893)
Change in fair value of properties under development	16	**(55,683)**	(45,790)
Share of results of associates	14.2	**2,029,236**	(398,451)
Loss on disposal of associate		**-**	120,000
Change in fair value of financial assets at FVTPL		**(2,482,385)**	(758,535)
Loss on sale of financial assets at FVTPL		**71,739**	28,233
Provision charge for doubtful debts	12	**-**	150,927
Dividend income		**(375,626)**	(362,354)
Provision charge for employees' end of service benefits		**234,848**	35,408
		19,071,710	17,710,120
Changes in operating assets and liabilities:			
Accounts receivable and other assets		**2,571,948**	(4,791,779)
Due from related parties		**1,787,518**	(2,198,194)
Accounts payable and other liabilities		**1,233,193**	(1,808,582)
Due to related parties		**(42,714)**	(2,223,267)
Employees' end of service benefits paid		**(66,094)**	(225,405)
Net cash from operating activities		**24,555,561**	6,462,893
INVESTING ACTIVITIES			
Purchase of property and equipment		**(1,240,782)**	(1,824,051)
Additions to capital work in progress		**(1,897,922)**	77,835
Additions to properties under development	16	**(2,780,137)**	(2,935,874)
Additions to investment properties	17	**(2,652,306)**	(7,043,457)
Proceeds from sale of investment properties		**-**	16,469,905
Additions to trading properties		**(5,795,967)**	-
Purchase of financial assets at FVTPL		**(135,512)**	(3,422,603)
Proceeds from sale of financial assets at FVTPL		**-**	11,692
Purchase of financial assets at FVTOCI		**(60,044,193)**	(31,840,877)
Proceeds from sale of financial assets at FVTOCI		**53,073,933**	27,304,952
Additions / capital contribution in associates	14.2	**(1,588,878)**	(158,204)
Dividend received from associates	14.2	**74,536**	37,266
Restricted bank balances	10	**641**	(1,293)
Term deposits maturing after 3 months	10	**(1,049,673)**	(80,916)
Dividend income received		**375,626**	362,354
Net cash used in investing activities		**(23,660,634)**	(3,043,271)

Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
FINANCING ACTIVITIES			
Net change in borrowings	21	**24,245,642**	20,121,685
Finance costs paid		**(10,730,752)**	(10,571,088)
Lease liabilities paid	20	**(8,232,000)**	(8,232,000)
Net movement in treasury shares		**(1,964,586)**	(4,928,244)
Capital contribution from non-controlling interests		**2,628,049**	-
Dividends paid		**(3,603,717)**	(2,608,103)
Net cash from / (used in) financing activities		**2,342,636**	(6,217,750)
Net increase/(decrease) in cash and cash equivalents		**3,237,563**	(2,798,128)
Foreign currency adjustments		**281,179**	(190,957)
Cash and cash equivalents at the beginning of the year	10	**1,438,468**	4,427,553
Cash and cash equivalents at the end of the year	10	**4,957,210**	1,438,468
Material non-cash transactions:			
Accounts receivable and other assets		**(4,261,994)**	-
Transfer to trading properties	13	**20,556,527**	-
Transfer from investment properties	17.3	**(20,556,527)**	-
Purchase of financial assets at FVTPL		**4,261,994**	-
Transferred from properties under development	17.2	**7,867,584**	-
Transferred to investment properties	16	**(7,867,584)**	-
Additions to leased properties	17	**(8,232,000)**	-
Lease modification	20	**8,232,000**	-
Proceeds from sale of investment properties		-	(8,430,803)
Increase in accounts receivable and other assets		-	8,430,803
Proceeds from sale of subsidiary		-	1,405,000
Due from related parties		-	(1,405,000)

Notes to the consolidated financial statements

1 Incorporation and activities of the Parent Company

Kuwait Real Estate Company – KPSC ("the Parent Company") was incorporated in 1972 as a Kuwaiti public shareholding company in accordance with the provisions of the Companies Law in the State of Kuwait.

The Parent Company's shares are listed on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries (collectively referred to as "the Group"). The details of the subsidiaries are described in Note 7.

The principal activities of the Parent Company are as follows:

- Carry out various real estate works for achieving profit, including sale, purchase, renting out and leasing of lands and real estate properties, erect buildings, prepare and implement studies of the private and public real estate projects directly or through mediation whether in Kuwait or abroad.
- Carry out various building works and related works whether for its account or for the account of third parties and import, trade in all materials related to real estate and other works related or necessary thereto.
- Invest in companies' shares or projects similar to the company's objectives or manage and direct such institutions in such a way that achieves interest.
- Build housing whether for citizens or government employees or the employees of official or private authorities against receiving their value from them either in cash or on installments.
- Carry out contracting works in general whether directly or through participation with other contracting companies or representing same.
- Manage others' properties in Kuwait and abroad.
- Erect private and public buildings and projects, including malls, entertainment centers, touristic utilities and implement them directly or through third parties in Kuwait or abroad and rent out or sell same in cash or on installments after approval by the competent authorities.
- Create, manage or share third parties in real estate investment funds only whether in Kuwait or abroad to employ and invest funds on behalf of others after approval by the competent authorities.
- Do various real estate works for achieving profit, including acquisition, sale and purchase of lands and real estate properties and develop them for the account of the company inside and outside Kuwait, rent out and lease same and erect buildings.
- Prepare studies and provide consultations in all kinds of real estate fields, provided the required terms and conditions are met by those who offer this service.
- Acquire, sell and purchase shares and bonds of the companies or projects similar to the company's objectives or manage such institutions and direct same in such a way that achieves interest.
- Acquire movables and real estate properties necessary to conduct its activity within the limits permitted by the law and in compliance with its objectives.
- Perform maintenance works related to the buildings and properties owned by the company and others, including civil, mechanical and electrical works, elevators and air conditioning works in such a way that maintains buildings and their safety.
- Organize real estate exhibitions for the company's real estate projects.
- Hold real estate auctions.
- Utilize the surplus funds available with the company by investing same in financial portfolios managed by specialized companies and entities inside and outside Kuwait.
- Contribute directly to set out the basic structure of the residential, commercial areas and projects by "Building, Operation & Transfer" (BOT) system and manage the real estate utilities by BOT system.

Notes to the consolidated financial statements (continued)

1 Incorporation and activities of the Parent Company (continued)

The Parent Company has the right to perform the above-mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also establish or share or purchase these entities or affiliate them therewith.

The address of the Parent Company's registered office is PO Box 1257, Safat 13013, State of Kuwait.

These consolidated financial statements for the year ended 31 December 2024 were authorised for issue by the Parent Company's board of directors on 26 March 2025. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, properties under development and investment properties that have been 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 profit or loss and other comprehensive income" in two statements: the "consolidated statement of profit or loss" and the "consolidated statement of profit or loss and other comprehensive income".

3 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with 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 Group

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

Standard or Interpretation	*Effective for annual periods beginning*
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
IFRS 16 Amendments- Lease liability in a sale and leaseback	1 January 2024

IAS 1 Amendments - Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities as either 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.

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

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

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

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.

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

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements disclosures
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 is 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

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

IFRS 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.

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

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 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*
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

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.

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

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

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

Notes to the consolidated financial statements (continued)

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 Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The major new requirements in IFRS 18 include

- Presentation of specific categories and sub totals in the statement of profit or loss
- Disclosures of management-defined performance measures (MPM)
- Improvement of aggregation and disaggregation

Management anticipates that the adoption of the new standard in the future may have an impact on the Group's consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

Management does not anticipate adoption of the new standard for its consolidated financial statements of the Group.

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

5.1 Basis of consolidation
The Group 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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.1 Basis of consolidation (continued)
All transactions and balances between Group's companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group's 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 Company 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.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts 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 non-controlling 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.

5.2 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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.2 Business combinations (continued)
Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of i) fair value of consideration transferred, ii) the recognised amount of any non-controlling interest in the acquiree and iii) 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 (ie gain on a bargain purchase) is recognised in consolidated statement of profit or loss immediately.

5.3 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.

5.4 Revenue
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 product or service to a customer.

The Group follows a 5-step process:

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

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

5.4.1 Rental income
Rental income arising from investment properties is accounted for on a straight-line basis over the lease term.

5.4.2 Rendering of services including health club membership
Membership fees for the health club are recognised over time as the services are provided during the membership period. Any fees related to future periods are presented in the consolidated statement of financial position as deferred revenue until the services are delivered.

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

5.6 Interest and similar income
Interest and similar income are recognised on accrual basis using the effective interest method

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

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.9 Taxation

5.9.1 National Labour Supporting tax

The National Labour Support Tax (NLST) is calculated at 2.5% of the profit for the year attributable to the owners of the Parent Company in accordance with the Ministry of Finance resolution No. 24 for the year 2006 and Law No. 19 for the year 2000.

5.9.2 Zakat

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

5.9.3 Kuwait Foundation for the Advancement of Sciences (KFAS)

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

5.9.4 Income tax

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

Deferred income tax is calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is, however, neither provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

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

5.10 Leased assets

The Group as a lessee

For any new contracts entered into, 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'.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.10 Leased assets (continued)

The Group as a lessee (continued)
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:

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 accounts for its right-of-use assets as investment properties carried at fair value. 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 is immediately recognised in the consolidated statement of profit or loss.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.10 Leased assets (continued)

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.

5.11 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its property and equipment using the straight-line method at rates sufficient to write off the assets over their estimated useful economic lives. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate at each financial year end.

5.12 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are estimated by management with the assistance of valuation provided by accredited external valuers.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.13 Investment properties under development

Investment properties under development represents property held for future use as investment property and is initially measured at cost. Subsequently, property under development are carried at fair value that is determined based on valuation performed by independent valuer 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 become reliably determinable or development is completed (whichever is earlier).

Investment properties under developments are classified as non-current assets, unless otherwise specified.

5.14 Trading properties

Trading properties are recorded at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each property to its present condition including the identified finance cost. Net realizable value is based on estimated selling price less any further cost expected to be incurred on completion and disposal.

5.15 Capital work in progress

Capital work in progress is carried at cost less impairment in value (if any). Costs are those expenses incurred by the Group that are directly attributable to the construction of asset. Once completed, the asset is transferred to the respective assets class.

The carrying values of capital work in progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

5.16 Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.16 Investment in associates (continued)

The difference in reporting dates of the associates and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

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.

5.17 Impairment testing of non-financial assets

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

5.18 Financial instruments

5.18.1 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 directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

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

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.18 Financial instruments (continued)

5.18.1 Recognition, initial measurement and derecognition (continued)

(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.

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

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.

5.18.2 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)
• 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 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.

5.18.3 Subsequent measurement of 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 as FVTPL):

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.18 Financial instruments (continued)

5.18.3 Subsequent measurement of financial assets (continued)

- ***Financial assets at amortised cost (continued)***

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

- *Cash and cash equivalents*

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, bank balances, cash held in investment portfolios and short-term highly liquid deposits with a maturity of twelve months or less, that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

- *Accounts receivable and other assets*

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

- *Due from related parties*

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

- ***Financial assets at FVTOCI***

The Group 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
The Group's equity investments at FVOTCI comprises of investments in equity shares, debt instruments and funds. Investment is equity shares include both quoted and unquoted.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.18 Financial instruments (continued)

5.18.3 Subsequent measurement of financial assets (continued)

- ***Financial assets at FVTOCI (continued)***

Equity investments at FVTOCI (continued)
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.

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 cumulative changes in 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.

Debt instruments at FVTOCI:
The Group measures debt instruments at FVTOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

Debt instruments at FVTOCI are subsequently measured at fair value and gains and losses arising due to changes in fair value are recognised in other comprehensive income. Interest income and foreign exchange gains or losses are recognised in the consolidated statement of profit or loss and other comprehensive income. On derecognition, cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of profit or loss and other comprehensive income. The management of the Group classifies the debt instruments under debt securities at FVTOCI.

- ***Financial assets at FVTPL***

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCI 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. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.18 Financial instruments (continued)

5.18.3 Subsequent measurement of financial assets (continued)

- ***Financial assets at FVTPL (continued)***

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

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

5.18.4 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 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 always recognises lifetime ECL for trade receivables, contract assets and lease receivables. 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)

5 Material accounting policies (continued)

5.18 Financial instruments (continued)

5.18.4 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 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.

5.18.5 Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include borrowings, accounts payable and other liabilities, due to related parties and due to banks.

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

- ***Financial liabilities at amortised cost***

These are stated using effective interest rate method. Due to banks, accounts payable and other liabilities, due to related parties and borrowings are classified as financial liabilities other than at FVTPL.

Borrowings

- Bank loans and due to banks

Bank loans and due to bank are subsequently measured at amortised cost using the effective interest rate method. 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 (EIR) amortisation process.

- Islamic financing payables

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

All the profit-related charges are included within finance costs.

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 or not.

Due to related parties

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

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.19 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.

5.20 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.

5.21 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.

5.22 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.

5.23 Equity, reserves and dividend payments

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

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

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the commercial companies' law and the Parent Company's memorandum of incorporation and articles of incorporation.

Other components of equity include the following:

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

- Cumulative changes in fair value – comprises gains and losses relating to financial assets at fair value through other comprehensive income and Group's share of cumulative changes in fair value reserve of associates.

- Treasury shares reserve – comprises gains and losses resulting from sales of treasury shares.

Retained earnings includes all current and prior period retained profit and loss. All transactions with owners of the Parent Company are recorded separately within equity.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.23 Equity, reserves and dividend payments (continued)

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved the General Assembly of shareholders.

5.24 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 are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not 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.

5.25 Treasury shares

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

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

5.26 Segment reporting

The Group has three operating segments: real estate, investment and services. In identifying these operating segments, management generally follows the Group's significant services for each segment. 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 financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.27 Foreign currency translation

5.27.1 Functional and presentation currency

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

5.27.2 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.

5.27.3 Foreign operations

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

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity.

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

5.28 End of service indemnity

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. 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

In addition, with respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. These contributions are expensed when due.

5.29 Related party transactions

Related parties are associates, major shareholders, board of directors, executive staff, their family members and the companies owned by them. All related party transactions are carried out with the approval of the Group's management.

Notes to the consolidated financial statements (continued)

6 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.

6.1 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:

6.1.1 Business model assessment

The Group classifies financial assets after performing the business model test. 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.

6.1.2 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, property under development or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the consolidated statement of profit or loss.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business. And if such properties are under development with an intention of being sold in future they are classified under trading properties under development.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use. And if such properties are under development they are classified under investment properties under development.

6.1.3 Control assessment

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

6.1.4 Fair values of assets and liabilities acquired

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

6.1.5 Judgements in determining the timing of satisfaction of performance obligations

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

6.1.6 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 Significant management judgements and estimation uncertainty (continued)

6.1 Significant management judgments (continued)

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

6.2 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

6.2.1 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.

6.2.2 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.

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

6.2.4 Revaluation of investment properties and investment properties under development
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 values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Where the Group determines that the fair value of an investment properties 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 these investment properties under development at cost until either its fair value become reliably determinable or development is completed (whichever is earlier). When the fair value becomes reliably measurable, the fair value of such properties may vary from the actual cost.

Notes to the consolidated financial statements (continued)

7 Subsidiary companies

Name of subsidiary	Country of incorporation	Ownership Percentage 31 Dec. 2024	Ownership Percentage 31 Dec. 2023	Principal activity
Directly owned subsidiaries:				
Habara Pearl Farm Company (7.1)	USA	**100%**	100%	Investment
Al-Aqdain Kuwaiti for Real Estate Development Co – KSCC (7.2)	Kuwait	**99.99%**	99.99%	Real estate
Financial Group of Kuwait Co. – KSC (Holding) (7.2)	Kuwait	**99.99%**	99.99%	Investment
KREC Meeker Debt Company Limited (7.1)	Cayman Islands	**100%**	100%	Investment
KREC Meeker Equity Company Limited (7.1)	Cayman Islands	**100%**	100%	Investment
IFA Hotels and Resorts Co. – S.A.L (Lebanon) (7.1 & 7.3)	Lebanon	**100%**	100%	Real estate
Al-Fereej International Real Estate Co. – WLL (7.2)	Kuwait	**99%**	99%	Real estate
Al Mottahida General Investment – LLC (7.2)	UAE	**99%**	99%	Real estate
Al Durrar General Investment – LLC (7.2)	UAE	**99%**	99%	Real estate
International Resorts Company - KSC	Kuwait	**70.27%**	70.27%	Real estate
Aqarat th8 Investment LTD	Cayman Islands	**100%**	100%	Real Estate
Active Holding Company – KSC (Closed) (7.1)	Kuwait	**100%**	100%	Real Estate
Assjad Al-Kuwait General Trading and Contracting Co. – WLL	Kuwait	**51%**	51%	General Trading and Contracting
KREC Real Estate Company - WLL	Kuwait	**100%**	100%	Real Estate
Eradat International Real Estate Co. – KSC (Closed) (7.5)	Kuwait	**62.47%**	62.47%	Real Estate
AlKoot Investments LLC (7.4)	UAE	**100%**	-	Real Estate Investment & Management

7.1 The financial statements of subsidiaries have been consolidated based on financial statements prepared by managements of these subsidiaries.

7.2 The remaining shares of these subsidiaries are held in the name of related parties as nominees on behalf of the Parent Company, who have confirmed in writing that the Parent Company is the beneficial owner of these shares.

7.3 The Group's subsidiary, IFA Hotels and Resorts Co. – S.A.L ("IFAHR Lebanon"), operates in Lebanon, which is currently experiencing significant economic and political instability, including hyperinflation, banking restrictions, and a sovereign debt default. These conditions have restricted the Group's ability to access IFAHR Lebanon's cash and other assets. Despite these challenges, management has assessed that it retains control over IFAHR Lebanon and continues to consolidate the subsidiary. Management has further assessed that the impact on the carrying value of the Group's investment in Lebanon is not material and no impairment is required as of 31 December 2024.

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.4 During the year, the Group incorporated a new subsidiary "AlKoot Investments LLC" registered in UAE with 100% ownership having a total capital of KD8,390 to carry out investment activities.

7.5 During 2023, the Group acquired ownership interest of 62.47% of Eradat International Real Estate Company – KSCC "Eradat", through solely participating in the increase of Eradat's share capital, in-kind, for an amount of KD8,223,000. This in-kind increase of Eradat's share capital represents the net of the aggregate value of certain investment properties amounting to KD49,463,000 and bank facilities. The transaction did not result into any goodwill or bargain purchase.

On 27 September 2023, the extraordinary general assembly of Eradat approved to reduce its authorized, issued and paid-up share capital from KD6,798,697 to KD4,940,000 through write off accumulated losses amounting to KD1,859,102 as of 30 June 2023, and increase its share capital, in-kind, from KD4,940,000 to KD13,163,000 by amount of KD8,223,000 for the Parent Company. On 14 November 2023, the Ministry of Commerce and Industry approved the increasing of the share capital.

7.6 *Subsidiaries with material non-controlling interests*

The Group includes the following subsidiaries with material non-controlling interests:

Company name	Proportion of ownership interests and voting rights held by the NCI		Profit / (loss) allocated to NCI		Accumulated NCI	
	31 Dec. 2024 %	31 Dec. 2023 %	**31 Dec. 2024 KD**	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD
International Resorts Co. – KSCC	**29.73%**	29.73%	**902,720**	976,925	**6,243,830**	5,341,110
Eradat International Real Estate Company – KSCC	**37.53%**	37.53%	**264,734**	(2,455)	**5,202,353**	4,937,619

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.6 *Subsidiaries with material non-controlling interests (continued)*
Summarised financial information for the above subsidiaries, before intragroup eliminations, is set out below:

	International Resorts Co. – KSCC		Eradat Int. Real Estate Co. – KSCC	
	31 Dec. 2024 KD	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD
Non-current assets	**5,222,167**	5,395,608	**54,779,871**	54,446,831
Current assets	**22,871,041**	20,274,855	**54,779**	4,257
Total assets	**28,093,208**	25,670,463	**54,834,650**	54,451,088
Non-current liabilities	**3,482,125**	62,127	**-**	-
Current liabilities	**3,580,188**	7,572,228	**40,893,681**	41,294,630
Total liabilities	**7,062,313**	7,634,355	**40,893,681**	41,294,630
Equity attributable to shareholders of the Parent Company	**14,787,065**	12,672,314	**13,940,969**	13,156,458
Non-controlling interests	**6,243,830**	5,363,794	**-**	-
Revenue	**5,901,721**	5,617,506	**3,217,117**	365,172
Profit/(loss) for the year attributable to the shareholders of the Parent	**2,132,737**	2,308,052	**705,392**	(6,542)
Profit/(loss) for the year attributable to NCI	**902,720**	976,925	**-**	-
Profit / (loss) for the year	**3,035,457**	3,284,977	**705,392**	(6,542)
Total comprehensive income/(loss) for the year attributable to the shareholders of the Parent Company	**2,134,739**	2,250,396	**705,392**	(6,542)
Total comprehensive income for the year attributable to NCI	**903,603**	952,559	**-**	-
Total comprehensive income/(loss) for the year	**3,038,342**	3,202,955	**705,392**	(6,542)
Net cash (used in) / from operating activities	**(6,722,704)**	935,356	**(311,846)**	6,502
Net cash (used in) / from investing activities	**(39,065)**	1,555,212	**(393,546)**	(9,678)
Net cash used in financing activities	**(124,126)**	(3,420,000)	**-**	-
Net cash outflow	**(6,885,895)**	(929,432)	**(705,392)**	(3,176)

Notes to the consolidated financial statements (continued)

8 Finance costs

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
On financial liabilities at amortised cost:		
Bank charges	**111,214**	141,068
Due to banks	**180,183**	155,416
Borrowings	**12,417,181**	10,179,460
Lease liabilities	**181,561**	448,310
	12,890,139	10,924,254

9 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by weighted average number of shares outstanding during the year excluding treasury shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Year ended 31 Dec. 2024	Year ended 31 Dec. 2023
Profit for the year attributable to the owners of the Parent Company (KD)	**13,414,640**	11,287,000
Weighted average number of shares outstanding during the year (excluding treasury shares) (share)	**969,641,849**	974,960,250
Basic and diluted earnings per share (Fils)	**13.84**	11.58

The comparative weighted average number of shares for the calculating of basic and diluted earnings per share has been adjusted to reflect the bonus shares for the year ended 31 December 2023 (note 28). Earnings per share for the year ended 31 December 2023 were 12.29 fils before retroactive adjustment.

10 Cash and cash equivalents

	31 Dec. 2024 KD	31 Dec. 2023 KD
Cash and bank balances	**9,757,516**	4,809,854
Cash in investment portfolios managed by others	**423,003**	232,508
Term deposits	**2,175,487**	1,125,814
Cash and cash equivalents	**12,356,006**	6,168,176
Less:		
Due to bank (note 18)	**(5,181,424)**	(3,561,368)
Restricted bank balances (note 10.1)	**(41,885)**	(42,526)
Term deposits with original maturity exceeding three months	**(2,175,487)**	(1,125,814)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**4,957,210**	1,438,468

10.1 Restricted bank balances represent balances deposited in a bank located in Lebanon denominated in US Dollar.

Notes to the consolidated financial statements (continued)

11 Financial assets at fair value through profit or loss

	31 Dec. 2024 KD	31 Dec. 2023 KD
Local quoted securities	**1,089,204**	411,335
Local unquoted securities	**91,517**	81,888
Foreign quoted securities	**5,978**	3,780
Foreign unquoted securities	**16,640,651**	10,450,519
Managed funds	**11,027**	10,964
	17,838,377	10,958,486

Certain investments with aggregate carrying value amount of KD4,324,031 (31 December 2023: KD2,471,276) representing over 20% ownership interests have been classified as financial assets at fair value through profit or loss as the Group does not control or exercise significant influence over the operations of the investees.

The hierarchy for determining and disclosing the fair values of financial instruments is presented in Note 31.2.

12 Accounts receivable and other assets

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets		
Accounts receivable	**10,163,425**	8,020,827
Refundable deposits	**540,815**	776,254
Due on sale of investment properties	**4,572,582**	10,406,793
Other assets	**2,798,918**	3,049,969
	18,075,740	22,253,843
Provision for doubtful debts	**(5,818,734)**	(5,818,734)
	12,257,006	16,435,109
Non-financial assets		
Advances to contractors and suppliers	**1,944,606**	369,032
Advance to purchase investments (12.1)	**-**	4,261,994
Other assets	**1,068,866**	1,038,285
	3,013,472	5,669,311
	15,270,478	22,104,420

12.1 Advances to purchase investments represent payments made to acquire new investments located in the United States. During the year, the formalities to finalise the purchase transactions were completed and the investment has been classified as financial assets at fair value through profit or loss (note 11).

The carrying values of the financial assets included above approximate their fair values and all are due within one year.

Notes to the consolidated financial statements (continued)

12 Accounts receivable and other assets (continued)

The movement in the provision for doubtful debts is as follows:

	2024 KD	2023 KD
At 1 January	**5,818,734**	5,675,757
Charge for the year	**-**	150,927
Write off during the year	**-**	(7,950)
At 31 December	**5,818,734**	5,818,734

13 Trading properties

The movement in the trading properties is as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Developed properties		
Balance at the beginning of the year	**9,615,005**	9,602,427
Addition during the year	**5,773,634**	-
Foreign currency translation adjustments	**31,151**	12,578
	15,419,790	9,615,005
Provision for impairment in value	**(1,451,230)**	(1,451,230)
	13,968,560	8,163,775
Under development properties		
Transferred from investment properties (note 17.3)	**20,556,527**	-
Addition during the year	**2,657,502**	-
	23,214,029	-
Balance at the end of the year	**37,182,589**	8,163,775

The Group's trading properties are located in Lebanon and UAE.

Notes to the consolidated financial statements (continued)

14 Investment in associates

14.1 Details of the associates are set out below:

Name of associate	Country of Incorporation	Ownership percentage 31 Dec. 2024 %	Ownership percentage 31 Dec. 2023 %	Principal activities
Kuwait Building Materials Manufacturing – KSCC	Kuwait	**24.58**	24.58	Manufacturing
National Slaughter House Co. – KSCC	Kuwait	**44.5**	44.5	Consumer goods
EFS Facilities Services General Trading and Contracting Company – WLL	Kuwait	**50**	50	General trading and contracting
KREC Yotel Miami Debt Co. Limited (14.1.1)	Cayman Islands	**100**	100	Investment
KREC Yotel Miami Equity Co. Limited (14.1.1)	Cayman Islands	**100**	100	Investment
Zamzam for Religious Tourism Co. – KSCC	Kuwait	**32.5**	32.5	Religious tourism
KREC Debt Company Limited	Cayman Islands	**43.03**	43.03	Investment
KREC Equity Company Limited	Cayman Islands	**43.03**	43.03	Investment

All the above associates are unquoted.

14.1.1 The Group waived part of its voting right in these investees to a third party. Accordingly, the Group does not control these investees. However, the Group classified these investees as associates because it is able to exercise significant influence over the operations of associates.

14.2 Following is the movement for the investment in associates during the year:

	2024 KD	2023 KD
At 1 January	**12,949,186**	11,708,391
Additions / capital contribution	**1,588,878**	158,204
Disposals	**-**	(120,000)
Share of results	**(2,029,236)**	398,451
Dividends	**(74,536)**	(37,266)
Share of other comprehensive income	**(755,332)**	841,406
At 31 December	**11,678,960**	12,949,186

Notes to the consolidated financial statements (continued)

14 Investment in associates (continued)

14.3 Summarised financial information of the Group's material associates are set out below:

a) KREC Yotel Miami Debt Company Limited:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Total assets	**4,101,773**	6,487,609
Total liabilities	**69,812**	129,847
Net assets	**4,031,961**	6,357,762

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Income	**(3,834,192)**	138,344
(Loss) / profit for the year	**(3,834,192)**	138,344
Total comprehensive (loss) / income for the year	**(3,834,192)**	138,344

Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is give below:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Group's ownership interest (%)	**100%**	100%
Net assets of the associate	**4,031,961**	6,464,189
Group's share of net assets	**4,031,961**	6,464,189
Carrying amount	**4,031,961**	6,464,189

b) KREC Yotel Miami Equity Company Limited:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Total assets	**3,007,941**	1,228,035
Total liabilities	**107,239**	88,150
Net assets	**2,900,702**	1,139,885

Notes to the consolidated financial statements (continued)

14 Investment in associates (continued)

14.3 Summarised financial information of the Group's material associates are set out below: (continued)

b) KREC Yotel Miami Equity Company Limited: (continued)

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Income	**1,593,455**	-
Profit / (loss) for the year	**1,574,755**	(231)
Total comprehensive income / (loss) for the year	**1,574,755**	(231)

Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is give below:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Group's ownership interest (%)	**100%**	100%
Net assets of the associate	**2,991,801**	1,139,885
Group's share of net assets	**2,991,801**	1,139,885
Carrying amount	**2,991,801**	1,139,885

14.4 As the associates are individually considered immaterial to the Group, the following is the aggregate information of the associates:

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Group's share of results	**230,201**	260,338
Group share of other comprehensive income	**(755,332)**	841,406
Group's share of the total comprehensive income	**(525,131)**	1,101,744
Aggregate carrying amount of Group's interest in associates	**4,655,198**	5,345,112
Dividends	**74,536**	37,266

15 Financial assets at fair value through other comprehensive income

	31 Dec. 2024 KD	31 Dec. 2023 KD
Local quoted securities	**53,527,962**	21,886,362
Local unquoted securities	**4,838,709**	3,680,116
Foreign unquoted securities	**11,989,640**	13,927,977
Debt instruments	**6,502,661**	6,437,549
Managed funds	**6,214,628**	6,853,576
	83,073,600	52,785,580

Notes to the consolidated financial statements (continued)

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

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

	Financial services KD	Real estate KD	Consumer services KD	Others KD	Total KD
31 December 2024					
Local quoted securities	**10,764,117**	**41,428,615**	**322,147**	**1,013,083**	**53,527,962**
Local unquoted securities	**709,721**	**135,777**	**3,983,711**	**9,500**	**4,838,709**
Foreign unquoted securities	**8,770**	**11,101,846**	**255,564**	**623,460**	**11,989,640**
Debt instruments	**-**	**6,502,661**	**-**	**-**	**6,502,661**
Managed funds	**-**	**6,214,628**	**-**	**-**	**6,214,628**
	11,482,608	**65,383,527**	**4,561,422**	**1,646,043**	**83,073,600**
31 December 2023					
Local quoted securities	5,256,234	3,653,326	12,466,546	510,256	21,886,362
Local unquoted securities	347,457	75,044	2,689,302	568,313	3,680,116
Foreign unquoted securities	236,023	13,068,713	391,447	231,794	13,927,977
Debt instruments	-	6,437,549	-	-	6,437,549
Managed funds	-	6,853,576	-	-	6,853,576
	5,839,714	30,088,208	15,547,295	1,310,363	52,785,580

Debt instruments represent promissory notes of foreign companies and carry annual interest rate 9% (31 December 2023: 9%).

Quoted securities with carrying value of KD31,443,164 (31 December 2023: KD16,119,872) are pledged against borrowings (notes 21).

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 31.2.

16 Properties under development

	31 Dec 2024 KD	31 Dec 2023 KD
Cost		
Land costs	**2,183,842**	2,183,842
Development costs	**5,683,742**	2,695,292
Carrying value at the beginning of the year	**7,867,584**	4,879,134
Development costs charged for the year	**2,780,137**	2,935,874
Transferred to investment properties	**(7,867,584)**	-
Change in fair value during the year	**55,683**	45,790
Foreign currency translation adjustments	**-**	6,786
Carrying value at end of the year	**2,835,820**	7,867,584

The Group's properties under development are located in UAE.

Notes to the consolidated financial statements (continued)

17 Investment properties

	Owned properties KD	Leased properties KD	Total KD
31 December 2024:			
Balance at the beginning of the year	**244,477,562**	**9,153,969**	**253,631,531**
Additions during the year	**2,652,306**	**8,232,000**	**10,884,306**
Transferred from properties under development (note 17.2)	**7,867,584**	**-**	**7,867,584**
Transferred to trading properties (note 17.2)	**(20,556,527)**	**-**	**(20,556,527)**
Change in fair value during the year	**17,525,991**	**(8,050,429)**	**9,475,562**
Balance at the end of the year	**251,966,916**	**9,335,540**	**261,302,456**
31 December 2023:			
Balance at the beginning of the year	245,118,001	16,937,666	262,055,667
Additions during the year	7,043,457	-	7,043,457
Arising on acquisition of subsidiary	4,961,551	-	4,961,551
Disposals during the year	(13,941,815)	-	(13,941,815)
Change in fair value during the year	1,296,368	(7,783,697)	(6,487,329)
Balance at the end of the year	244,477,562	9,153,969	253,631,531

17.1 The Group's investment properties are located as follows

	31 Dec. 2024 KD	31 Dec. 2023 KD
Kuwait	**191,983,542**	185,027,385
UAE	**67,789,904**	67,113,791
Other MENA countries	**1,529,010**	1,490,355
	261,302,456	253,631,531

17.2 Properties with an aggregate carrying value of KD7,682,324 were under development and have been completed during the year.

17.3 During the year, the Group reclassified a plot of land located in Sharjah, UAE, from investment properties to trading properties. This reclassification followed a change in use, as the Group has commenced the development of a project, Tilal Al Tay, to build and sell residential villas. The fair value at the date of change in use determined by an independent real estate valuer was KD20,556,527 which resulted into a gain on change in fair value amounting to KD6,755,596.

17.4 During 2023, the Group sold certain properties located in UAE to third parties for an aggregate sale consideration of KD23,106,515 resulting into a gain of KD9,609,737. Furthermore, the Group sold certain properties located in Kuwait to related parties and third parties for an aggregate sale consideration of KD1,794,194 resulting into a gain of KD1,349,156.

17.5 Investment properties with a carrying value of KD216,066,196 (2023: KD216,766,190) are pledged against borrowings and due to banks (notes 21 and 18).

Notes to the consolidated financial statements (continued)

17 Investment properties (continued)

17.6 Leased properties represent the properties under the BOT contracts signed with the Ministry of Finance - State Properties department, Kuwait.

Note 31.3 sets out the measurement basis of fair value of the investment properties.

18 Due to banks

This represents outstanding balance of the credit facilities granted to the Group by a local Islamic bank in the form of overdraft facilities. The facilities carry an annual profit rate of 0.75% – 1.5% (2023: 0.75%) above the Central Bank of Kuwait discount rate.

The due to banks balance is secured against mortgage of certain investment properties (note 17).

19 Accounts payable and other liabilities

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial liabilities		
Accounts payable	**4,494,036**	3,249,230
Accrued interest	**2,159,387**	1,244,239
Accrued expenses and leave	**1,470,668**	2,507,436
Provision for National Labour Support Tax	**2,497,880**	2,651,473
Provision for Zakat	**974,723**	807,270
Provision for KFAS (note 19.1)	**264,472**	161,740
Dividends payable	**1,321,270**	1,281,111
Refundable deposits	**2,398,800**	1,835,322
Other liabilities	**1,859,837**	1,004,976
	17,441,073	14,742,797
Non-financial liabilities		
Advance rent	**221,724**	887,571
Other liabilities	**4,265,251**	2,905,100
	4,486,975	3,792,671
	21,928,048	18,535,468

19.1 The Parent Company's management believes that the legislature has not issued a law on the contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and thus it is not a tax. KFAS is a private institution in accordance with the law. There is no provision in the Companies' Law or in the Parent Company's memorandum of association and article of association obligating the Parent Company to apply this deduction. In spite of the above, the Ministry of Commerce and Industry (MOCI) has recently issued instructions requiring inclusion of this deduction until it is approved to hold the general assembly.

Therefore, the Parent Company's management decided to charge a provision as a precautionary procedure only even though it believes no amount is due from the Parent Company, particularly because the MOCI had issued similar instructions which were previously reversed.

Notes to the consolidated financial statements (continued)

20 Lease liabilities

The Group has leases for the properties under the BOT contracts signed with the Ministry of Finance - State Properties department, Kuwait. Following is the movement for the lease liabilities during the year:

	2024 KD	2023 KD
At 1 January	**7,860,289**	15,643,979
Lease modification	**8,232,000**	-
Finance costs charged for the year	**371,711**	448,310
Settled during the year	**(8,232,000)**	(8,232,000)
At 31 December	**8,232,000**	7,860,289

Lease payments as at 31 December 2024 and 31 December 2023 are due within one year of the date of the statement of consolidated statement of financial position.

21 Borrowings

	31 Dec. 2024 KD	31 Dec. 2023 KD
Islamic financing payables (i)	**184,362,837**	173,326,459
Term loans (ii)	**38,984,742**	25,724,610
Total	**223,347,579**	199,051,069
Borrowings in KD	**185,273,973**	173,326,459
Borrowings in other currencies	**38,073,606**	25,724,610
Total	**223,347,579**	199,051,069

The borrowings due for repayment as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Within one year	**23,605,945**	19,571,520
Over one year	**199,741,634**	179,479,549
	223,347,579	199,051,069

i) Islamic financing payables represent the following
- Outstanding Murabaha payable of KD182,362,837 represent obtained in Kuwaiti Dinar from local Islamic banks, carry an annual profit rate of 0.75% - 1% (31 December 2023: 0.75% - 1%) over CBK discount rate and repayable in different unequal instalments ending on 15 April 2030.
- Outstanding Wakala payable of KD2,000,000 obtained in Kuwaiti Dinar from local Islamic banks, carry an annual profit rate of 1%-1.5% (31 December 2023: 2%) over CBK discount rate and repayable on quarterly instalments ending on 7 June 2028.

Notes to the consolidated financial statements (continued)

21 Borrowings (continued)

iii) Term loans to represent the following:

- Outstanding term loans of KD12,986,520 obtained in AED and USD from a foreign bank, carrying an annual interest rate of 3% - 3.5% (31 December 2023 3% - 3.5%) over SOFR and EIBOR and repayable in various semi-annual instalments ending on 15 November 2030.

- Outstanding term loan in AED equivalent to KD25,087,086 from a foreign bank, carrying an annual interest rate of 1.5% - 2.0% (31 December 2023: 2.5%) over EIBOR and repayable in various semi-annual instalments ending on 30 June 2030.
- Outstanding term loans of KD911,136 from the local banks, carry an annual interest rate of 1% - 1.5% over CBK discount rate and repayable in different unequal instalments ending on 30 June 2030.

Borrowings are secured by pledge of Group's certain financial assets at FVTOCI and investment properties (notes 15 and 17).

22 Share capital and share premium

At 31 December 2024, the authorized, issued and fully paid up share capital of the Parent Company comprised of 1,004,206,962 shares of 100 fils each (31 December 2023: 947,365,059 shares of 100 fils each). All shares are cash shares.

During the year, the Parent Company's share capital was increased by 56,841,903 shares through issue of new shares which represents the bonus shares to the shareholders as approved by the Annual General Assembly of the shareholders (note 28). The capital increase was approved by the relevant authorities and registered in the commercial register on 23 June 2024.

The share premium is non-distributable.

23 Treasury shares

	31 Dec. 2024	31 Dec. 2023
Number of treasury shares	**29,517,327**	29,234,070
Percentage of ownership (%)	**2.94%**	3.08%
Market value (KD)	**7,467,884**	5,934,516
Cost (KD)	**7,135,682**	5,171,096

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

24 Statutory and voluntary reserves

Statutory reserve

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

Notes to the consolidated financial statements (continued)

24 Statutory and voluntary reserves (continued)

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

Voluntary reserve
In accordance with the Parent Company's Memorandum of Incorporation and Articles of Association, 10% of the profit for the year attributable to the shareholders of the Parent Company (before contributions to KFAS, NLST, Zakat and directors' remuneration) should be transferred to voluntary reserve. There are no restrictions on distribution of voluntary reserve.

No transfer to reserves is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist.

The movement in the statutory and voluntary reserves is as follows:

	Statutory reserve KD	Voluntary reserve KD	Total KD
Balance at 1 January 2024	**19,518,837**	**7,362,682**	**26,881,519**
Transfer from retained earnings during the year	**1,421,897**	**1,421,897**	**2,843,794**
Balances at 31 December 2024	**20,940,734**	**8,784,579**	**29,725,313**
Balance at 1 January 2023	18,320,771	6,164,616	24,485,387
Transfer from retained earnings during the year	1,198,066	1,198,066	2,396,132
Balance at 31 December 2023	19,518,837	7,362,682	26,881,519

25 Other components of equity

Movement in other components of equity is as follows:

	Treasury shares reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Total KD
Balances at 1 January 2024	**7,236,573**	**(13,844)**	**(5,424,350)**	**1,798,379**
Gain on sale of treasury shares	**2,334,476**	**-**	**-**	**2,334,476**
Gain on sale of financial assets at FVTOCI	**-**	**-**	**(1,333,856)**	**(1,333,856)**
Other comprehensive income:				
Net change in fair value of financial assets at FVTOCI	**-**	**-**	**23,241,479**	**23,241,479**
Share of other comprehensive income of associates	**-**	**-**	**(755,332)**	**(755,332)**
Exchange differences arising on translation of foreign operations	**-**	**378,624**	**-**	**378,624**
Balances at 31 December 2024	**9,571,049**	**364,780**	**15,727,941**	**25,663,770**

Notes to the consolidated financial statements (continued)

25 Other components of equity (continued)

	Treasury shares reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Total KD
Balances at 1 January 2023	6,092,275	(29,648)	(25,209,799)	(19,147,172)
Bonus shares distribution (note 28)	(177,702)	-	-	(177,702)
Gain on sale of treasury shares	1,322,000	-	-	1,322,000
Loss on sale of financial assets at FVTOCI	-	-	6,474,906	6,474,906
Other comprehensive income:				
Net change in fair value of financial assets at FVTOCI	-	-	12,469,137	12,469,137
Share of other comprehensive income of associates	-	-	841,406	841,406
Exchange differences arising on translation of foreign operations	-	15,804	-	15,804
Balances at 31 December 2023	7,236,573	(13,844)	(5,424,350)	1,798,379

26 Reconciliation of liabilities arising from financing activities

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

	Borrowings KD	Lease liabilities KD	Due to bank KD	Total KD
At 1 January 2024	**199,051,069**	**7,860,289**	**3,561,368**	**210,472,726**
Cash flows:				
• Repayment	**(29,614,386)**	**(7,860,289)**	**(27,016,428)**	**(64,491,103)**
• Proceeds	**53,860,028**	**8,232,000**	**28,636,485**	**90,728,513**
Non-cash transactions:				
• Charged during the year	**-**	**371,711**	**-**	**371,711**
• Foreign currency adjustments	**50,868**	**-**	**-**	**50,868**
At 31 December 2024	**223,347,579**	**8,603,711**	**5,181,425**	**237,132,715**
At 1 January 2023	180,264,916	15,643,979	3,093,100	199,001,995
Cash flows:				
• Repayment	(30,254,515)	(8,232,000)	(78,623,178)	(117,109,693)
• Proceeds	48,971,200	-	79,091,446	128,062,646
Non-cash transactions:				
• Charged during the year	-	448,310	-	448,310
• Foreign currency adjustments	69,468	-	-	69,468
At 31 December 2023	199,051,069	7,860,289	3,561,368	210,472,726

27 Related party transactions and balances

Related parties represent associates, directors and key management personnel of the Group, major shareholders and companies in which directors and key management personnel of the Parent Company are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company management.

Notes to the consolidated financial statements (continued)

27 Related party transactions and balances (continued)

Details of significant related party transactions and balances are as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Amounts included in the consolidated financial position:		
Due from related parties	**14,524,805**	16,312,323
Due to related parties	**5,671,846**	5,714,560
Due on sale of investment properties	**16,979**	22,795

During 2023, the Group entered into an agreement with a related party for sale of 49% of one of its wholly owned subsidiary for a total consideration of KD1,405,000 resulting into a gain of KD77,576 which has been recognised directly in equity.

Financial assets at fair value through other comprehensive income amounting to KD2,945,458 (2023: KD2,068,634) and financial assets at fair value through profit or loss amounting to KD1,011,644 (31 December 2023: KD361,865) are managed by a related party.

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Transactions included in the consolidated statement of profit or loss:		
Real estate rental income	**3,333,430**	2,847,617
Real estate operating expenses	**653,542**	947,437
General and administrative expenses	**393,968**	393,968
Loss on disposal of associates	**-**	(120,000)
Finance costs	**-**	59,748
Management fees	**-**	550,510
Key management transactions:		
Gain on sale of investment properties	**-**	279,713
Key management compensation:		
Salaries and short-term benefits	**307,348**	307,056
End of service benefits	**11,657**	11,657
Board of Directors' remuneration	**60,000**	60,000

28 Proposed dividends and annual general assembly

Subsequent to the date of the consolidated statement of financial position, the board of directors have proposed to distribute bonus shares of 6% for the year ended 31 December 2024. The directors also propose remuneration to the board of directors of KD60,000. These proposals are subject to the approval of the general assembly and the regulatory authorities.

Notes to the consolidated financial statements (continued)

28 Proposed dividends and annual general assembly (continued)

The Annual General Assembly of the shareholders of the Parent Company held on 1 June 2024 approved the consolidated financial statements for the year ended 31 December 2023 and the board of directors' proposal to distribute cash dividends of 4 Fils (2022: 3 Fils) per share and issue 6% (2022: 3%) bonus shares for the shareholders of the Parent Company for the year ended 31 December 2023. Furthermore, the General Assembly approved the board of directors' proposal to distribute directors' remuneration of KD60,000 for the year then ended (2022: KD40,000).

The Extraordinary General Assembly of the shareholders of the Parent Company held on 9 June 2024 approved to increase the authorized, issued and paid up share capital of the Parent Company from KD94,736,506 to KD100,420,696 by issuing 6% bonus shares.

29 Segmental analysis

The Group operates its activity in real estate and investment segments. The segmental analysis of total income and profit/(loss) for the activities are as follows:

	Real estate KD	Investment KD	Services KD	Unallocated KD	Total KD
31 December 2024:					
Income	**33,134,947**	**757,036**	**1,424,888**	**490,096**	**33,370,980**
Profit/(loss) for the year	**20,244,807**	**757,036**	**(1,011,099)**	**(4,505,627)**	**15,485,117**
Total assets	**344,104,907**	**112,590,936**	**4,025,330**	**191,034**	**460,912,207**
Total liabilities	**236,736,102**	**21,928,048**	**5,696,749**	**1,171,379**	**265,532,278**
Net assets	**107,368,805**	**90,662,888**	**(1,671,419)**	**(980,345)**	**195,379,929**
31 December 2023:					
Income	26,098,735	1,371,107	(761,777)	478,645	27,861,334
Profit/(loss) for the year	15,444,199	1,371,107	(1,072,820)	(3,483,735)	12,258,751
Total assets	312,855,776	76,693,250	3,751,904	100,430	393,401,360
Total liabilities	212,478,230	18,535,476	3,709,058	1,002,617	235,725,381
Net assets	100,377,546	58,157,774	42,846	(902,187)	157,675,979

30 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: e.g. market risk, credit risk and liquidity risk.

The board of directors' policies for reducing each of the risks are discussed below.

The Group does not use derivative financial instruments based on future speculations.

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

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.1 Market risk

(a) Foreign currency risk

The Group mainly operates in the GCC, other Middle Eastern countries, Europe and USA, and thus is exposed to foreign currency risk arising from various foreign currency exposures. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities and net investments in foreign operations.

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

The Group had the following significant exposures denominated in foreign currencies, and translated into Kuwaiti Dinar with the closing rates at the end of the year:

	31 Dec. 2024 KD	31 Dec. 2023 KD
USD	**44,048,117**	38,713,632
Euro	**961,223**	1,263,833
GBP	**7,575,860**	7,773,584
AED	**78,850,402**	39,260,375

The following table details the Group's sensitivity to a 2% (2023: 2%) increase and decrease in the KD against above foreign currencies. The sensitivity analysis includes only outstanding foreign currencies denominated monetary assets and liabilities and adjusts their translation at the yearend for a 2% change in foreign currency rates. A positive number below indicates an increase in profit and equity and a negative number indicates decrease in profit and equity. All other variables are held constant. There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

	31 Dec. 2024 KD	31 Dec. 2023 KD
Results for the year	**2,035,444**	1,086,188
Equity	**590,052**	654,041

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to borrowing and due to banks.

The following table illustrates the sensitivity of the results for the year to a reasonably possible change in interest rates of +100 bps (1%) and –100 bps (1%) (2023: +100 bps (1%) and –100bps (1%)) with effect from the beginning of the year. The calculations are based on the Group's financial instruments held at each financial position date. All other variables are held constant. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.1 Market risk (continued)

(b) Interest rate risk (continued)

	31 Dec. 2024		31 Dec. 2023	
	+ 1 %	**-1 %**	+ 1 %	-1 %
	KD	**KD**	KD	KD
Results for the year	**(2,285,290)**	**2,285,290**	(2,026,124)	2,026,124

(c) Price risk

The Group is exposed to equity price risk with respect to its equity investments and debt instruments. These financial assets are classified either at fair value through profit or loss or at fair value through other comprehensive income.

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

The below table shows the sensitivity analysis for the Group with regard to its investment in securities and debt instruments, and it is determined based on possible price risks at the consolidated financial statements date. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If prices of financial securities had been 5% (2023: 5%) higher, the effect on the result for the year and equity would have been as follows.

	Results for the year		Equity	
	31 Dec. 2024	31 Dec. 2023	**31 Dec. 2024**	31 Dec. 2023
	KD	KD	**KD**	KD
Financial assets at fair value through profit or loss	**891,919**	547,924	**-**	-
Financial assets at FVTOCI	**-**	-	**4,153,680**	2,639,279
	891,919	547,924	**4,153,680**	2,639,279

If prices of financial securities had been 5% (2023: 5%) lower, the effect on the results for the year and equity would have been equally the reverse as disclosed above.

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 credit policy regarding exposure to credit risk requires monitoring these risks on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of clients in specific locations or businesses through diversification of its activities. It also obtains security when appropriate.

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.2 Credit risk (continued)

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets at fair value through other comprehensive income	**18,707,233**	2,068,634
Financial assets at fair value through profit or loss	**1,011,644**	361,865
Due from related parties	**14,524,805**	16,312,323
Accounts receivable and other assets	**12,257,006**	16,435,109
Cash and cash equivalents	**12,356,006**	6,168,176
	58,856,694	41,346,107

The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

The credit risk for bank balances is considered negligible, since the counterparties are financial institution with high credit quality, except for restricted bank balances amount of KD41,885 (31 December 2023: KD42,526) located in Lebanon. Most of the global credit rating agencies significantly lowered the ratings of Lebanon as well the banker of the subsidiary because of the consequences of the economic and political events prevailing in Lebanon.

Information on other significant concentrations of credit risk is set out in note 30.4.

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, the Group's management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

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

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The liquidity profile of financial liabilities is as follows:

	Within 3 months KD	3 - 12 months KD	Over 1 year KD	Total KD
31 December 2024				
Liabilities				
Borrowings	-	23,605,945	199,741,634	223,347,579
Lease liabilities	-	8,232,000	-	8,232,000
Provision for employees' end of services benefits	-	-	1,171,381	1,171,381
Due to related parties	-	5,671,846	-	5,671,846
Accounts payable and other liabilities	-	21,928,048	-	21,928,048
Due to banks	5,181,424	-	-	5,181,424
	5,181,424	59,437,839	220,073,009	265,532,278

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.3 Liquidity risk (continued)

31 December 2023	Within 3 months KD	3 - 12 months KD	Over 1 year KD	Total KD
Liabilities				
Borrowings	-	19,571,520	179,479,549	199,051,069
Lease liabilities	-	7,860,289	-	7,860,289
Provision for employees' end of services benefits	-	-	1,002,627	1,002,627
Due to related parties	-	5,714,560	-	5,714,560
Accounts payable and other liabilities		18,535,468	-	18,535,468
Due to banks	3,561,368	-	-	3,561,368
	3,561,368	51,681,837	180,482,176	235,725,381

The table below summarises the maturity profile of the Group's assets and liabilities. Except for financial assets at fair value through other comprehensive income and investment properties, the maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date. The maturity profile for financial assets at fair value through other comprehensive income and investment properties is determined based on management's planned exit dates.
The maturity profile of assets and liabilities are as follows:

31 December 2024	Within 1 year KD	Over 1 year KD	Total KD
Assets			
Property and equipment	-	2,898,014	2,898,014
Investment properties	-	261,302,456	261,302,456
Capital work in progress	1,951,102	-	1,951,102
Properties under development	-	2,835,820	2,835,820
Financial assets at FVTOCI	-	83,073,600	83,073,600
Investment in associates	-	11,678,960	11,678,960
Trading properties	37,182,589	-	37,182,589
Due from related parties	14,524,805	-	14,524,805
Accounts receivable and other assets	15,270,478	-	15,270,478
Financial assets at fair value through profit and loss	17,838,377	-	17,838,377
Cash and cash equivalents	12,356,006	-	12,356,006
	99,123,357	141,715,832	460,912,207
Liabilities			
Borrowings	23,605,945	199,741,634	223,347,579
Lease liabilities	8,232,000	-	8,232,000
Provision for employees' end of service benefits	-	1,171,390	1,171,390
Due to related parties	5,671,846	-	5,671,846
Accounts payable and other liabilities	21,928,048	-	21,928,048
Due to bank	5,181,424	-	5,181,424
	64,619,263	200,913,024	265,532,287
Net liquidity gap	34,504,094	160,875,826	195,379,920

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.3 Liquidity risk (continued)

31 December 2023	Within 1 year KD	Over 1 year KD	Total KD
Assets			
Property and equipment	-	2,407,119	2,407,119
Investment properties	-	253,631,531	253,631,531
Capital work in progress	53,180	-	53,180
Properties under development	-	7,867,584	7,867,584
Financial assets at FVTOCI	-	52,785,580	52,785,580
Investment in associates	-	12,949,186	12,949,186
Trading properties	8,163,775	-	8,163,775
Due from related parties	16,312,323	-	16,312,323
Accounts receivable and other assets	21,271,266	833,154	22,104,420
Financial assets at fair value through profit and loss	10,958,486	-	10,958,486
Cash and cash equivalents	6,168,176	-	6,168,176
	62,927,206	330,474,154	393,401,360
Liabilities			
Borrowings	19,571,520	179,479,549	199,051,069
Lease liabilities	7,860,289	-	7,860,289
Provision for employees' end of service benefits	-	1,002,627	1,002,627
Due to related parties	5,714,560	-	5,714,560
Accounts payable and other liabilities	18,535,468	-	18,535,468
Due to bank	3,561,368	-	3,561,368
	55,243,205	180,482,176	235,725,381
Net liquidity gap	7,684,001	149,991,978	157,675,979

30.4 Geographical Concentration

The distribution of the financial assets according to their geographical area are as follows:

	Kuwait KD	Other Middle Eastern Countries KD	USA, Europe and other countries KD	Total KD
31 December 2024				
Financial assets at FVTOCI	**53,035,118**	**-**	**30,038,482**	**83,073,600**
Due from related parties	**12,200,008**	**2,324,797**	**-**	**14,524,805**
Accounts receivable and other assets	**14,476,598**	**-**	**793,880**	**15,270,478**
Financial assets at fair value through profit or loss	**10,548,488**	**-**	**7,289,889**	**17,838,377**
Cash and cash equivalents	**10,523,070**	**1,642,209**	**190,727**	**12,356,006**
	100,783,282	**3,967,006**	**38,312,978**	**143,063,266**
31 December 2023				
Financial assets at fair value through other comprehensive income	20,083,554	-	32,702,026	52,785,580
Due from related parties	16,312,323	-	-	16,312,323
Accounts receivable and other assets	21,164,934	-	939,486	22,104,420
Financial assets at fair value through profit or loss	2,979,244	-	7,979,242	10,958,486
Cash and cash equivalents	4,820,154	852,451	495,571	6,168,176
	65,360,209	852,451	42,116,325	108,328,985

Notes to the consolidated financial statements (continued)

31 Fair value measurement

31.1 Fair value hierarchy

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

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

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

31.2 Fair value measurement of financial instruments

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets:		
At amortised cost:		
Due from related parties	**14,524,805**	16,312,323
Accounts receivable and other assets	**12,257,006**	16,435,109
Cash and cash equivalents	**12,356,006**	6,168,176
At fair value:		
Financial assets at fair value through profit or loss	**17,838,377**	10,958,486
Financial assets at fair value through other comprehensive income	**83,073,600**	52,785,580
	140,049,794	102,659,674
Financial liabilities:		
Financial liabilities at amortised cost		
Borrowings	**223,347,579**	199,051,069
Lease liabilities	**8,232,000**	7,860,289
Provision for employees' end of service benefits	**1,171,381**	1,002,627
Due to related parties	**5,671,846**	5,714,560
Accounts payable and other liabilities	**21,928,048**	18,535,468
Due to bank	**5,181,424**	3,561,368
	265,532,278	235,725,381

Management considers that the carrying amounts of loans and receivable and all financial liabilities, which are stated at amortized 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.

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.2 Fair value measurement of financial instruments (continued)

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

31 December 2024

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets				
Financial assets at fair value through profit or loss:				
Local quoted securities	1,089,204	-	-	1,089,204
Local unquoted securities	-	-	91,517	91,517
Foreign quoted securities	5,978	-	-	5,978
Foreign unquoted securities	-	-	16,640,651	16,640,651
Managed funds	-	11,027	-	11,027
Financial assets at fair value through other comprehensive income:				
Local quoted securities	53,527,962	-	-	53,527,962
Local unquoted securities	-	-	4,838,709	4,838,709
Foreign unquoted securities	-	-	11,989,640	11,989,640
Debt instruments	-	-	6,502,661	6,502,661
Managed funds	-	6,214,628	-	6,214,628
	54,623,144	6,225,655	40,063,178	100,911,977

	Level 1	Level 2	Level 3	Total
31 December 2023				
Financial assets				
Financial assets at fair value through profit or loss:				
Local quoted securities	411,335	-	-	411,335
Local unquoted securities	-	-	81,888	81,888
Foreign quoted securities	3,780	-	-	3,780
Foreign unquoted securities	-	-	10,450,519	10,450,519
Managed funds	-	10,964	-	10,964
Financial assets at fair value through other comprehensive income:				
Local quoted securities	21,886,362	-	-	21,886,362
Local unquoted securities	-	-	3,680,116	3,680,116
Foreign unquoted securities	-	-	13,927,977	13,927,977
Debt instruments	-	-	6,437,549	6,437,549
Managed funds	-	6,853,576	-	6,853,576
	22,301,477	6,864,540	34,578,049	63,744,066

There have been no transfers between levels during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged.

a) Quoted securities

Quoted securities represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1) and if the market for an investment is not active, the Group has established fair value by using valuation techniques.

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.2 Fair value measurement of financial instruments (continued)

Measurement at fair value (continued)

b) Unquoted securities
The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or observable market prices or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

c) Debt securities
The consolidated financial statements include holdings in unlisted debt securities which are measured at fair value. Fair value of such investments have been determined by reference to their observable prices, other than quoted, at the reporting date.

d) Investment in managed funds
Investment funds managed by other mainly comprise of unquoted units and the fair value of these units has been determined based on net assets values reported by the fund manager as of the reporting date.

Level 3 fair value measurements
The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Opening balance	**34,578,049**	30,386,215
Additions	**8,026,878**	6,716,488
Disposals	**(503,486)**	-
Change in fair value	**(2,038,263)**	(2,524,654)
Closing balance	**40,063,178**	34,578,049

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The fair value of financial instruments that are not traded in an active market (e.g unquoted securities) is determined by using valuation techniques. Fair value for the unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the reporting date.

The investment managers and Group's finance team in determining the fair value of these investments use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. In determining fair value, techniques such as recent transactions prices and adjusted net book value have been used.

The impact on consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.3 Fair value measurement of non-financial assets

The Group's non-financial assets measured at fair value consist of investment properties and properties under development (the "properties"), buildings and lands. These properties are categorised as level 3 under the fair value hierarchy on a recurring basis at 31 December 2024 and 31 December 2023.

The fair value of the properties has been determined based on appraisals performed by independent, professionally qualified property valuers (two appraisals for local properties, of which one from a local bank, and one appraisal for foreign properties). The significant inputs and assumptions are developed in close consultation with management.

As of 31 December 2024 and 31 December 2023, for the valuation purpose, the Group has selected the lower value of the two valuations obtained for each local property.

Buildings

The fair values of the buildings that have been determined based on the fair value provided by independent and accredited valuers who have valued the buildings using income approach which capitalises the monthly estimated rental income stream, net of projected operating costs using a discount rate derived from the market yields. When actual rent differs materially from estimated rents, adjustments have been made to the estimated rental value. When using the estimated rental stream approach, adjustments to actual rental are incorporated for factors such as current occupancy levels, the terms of in-place leases, expectations for rentals from future leases and unlicensed rented areas.

Lands

The fair values of the lands that have been determined based on fair values provided by an independent and accredited valuers who has valued the lands using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use.

Further information regarding the level 3 fair value measurements is set out in the table below:

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Buildings				
Buildings in Kuwait and UAE	Estimated rental stream approach	Monthly economic rental value	KD146 to KD19,749 (2023: KD152 to KD3,000)	Fair value increases if economic rental value increases, and vice versa.
Lands				
Lands in Kuwait, and other GCC countries	Market comparison approach	Estimated market price (per sq ft.)	KD3 to KD215 (2023: KD3 to KD252)	Higher the price per square meter, higher the fair value

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

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

Lands (continued)
The Group measurement of properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The properties within this level can be reconciled from beginning to ending balances as follows:

	2024 KD	2023 KD
At 1 January	**261,499,115**	266,934,801
Additions	**5,796,859**	9,986,117
Arising from acquisition of subsidiary	**-**	4,961,551
Transferred from properties under development	**7,867,584**	-
Transferred to trading properties	**(20,556,527)**	-
Disposals during the year	**-**	(13,941,815)
Changes in fair value	**9,531,245**	(6,441,539)
At 31 December	**264,138,276**	261,499,115

32 Capital risk management

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

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and other variables including risks related to the Group 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. 2024 KD	31 Dec. 2023 KD
Borrowings (note 21)	**223,347,579**	199,051,069
Due to banks (note 18)	**5,181,424**	3,561,368
Lease liabilities (note 20)	**8,232,000**	7,860,289
Less:		
Cash and cash equivalents (note 10)	**(12,356,006)**	(6,168,176)
Net debt	**224,404,997**	204,304,550
Equity	**195,379,929**	157,675,979
Net debt to equity ratio	**115%**	130%

33 Contingent liabilities and commitments

Contingent liabilities represent letters of guarantee and capital commitments at the consolidated financial position date are as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Issued letters of guarantee	**11,219,528**	10,964,278
Capital commitments	**9,192,646**	6,924,895
	20,412,174	17,889,173

Notes to the consolidated financial statements (continued)

34 Operating leases

Operating leases, in which the Group is the lessor, relate to investment properties owned or leased by the Group as well as held under head-lease arrangements. The terms of operating leases range between 1-5 years with one-year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the end of lease term.

35 Legal case

During the years prior to the Group's acquisition of one of its subsidiaries, the subsidiary had filed lawsuits against nine of its former board of directors ("defendants") for compensation of KD24,812,190.

On 23 March 2023, the Court of Appeals ruled in favour of the subsidiary to oblige these members to pay final compensation with a total amount of KD24,812,190 against this lawsuit.

One of the defendants had appealed to the Court of Appeal and a consultation session was scheduled on 13 August 2023.

On 10 April 2023, the Court of Appeals issued an order to postpone the execution of the decree in the urgent matter until a decision is finalized regarding the appeal.

On 26 March 2024, the Court of Cassation ruled to temporarily suspend the enforcement of the appeal ruling in favor of the defendants until the cassation decision is decided. The financial impact of this judgment depends on final decision of the court of cassation.

36 Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation in the current year. Such reclassification does not affect previously reported net assets, net equity, net results for the year or net increase in cash and cash equivalents.