



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 2025

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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 (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, 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 leased properties. 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.

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

Key Audit Matters (continued)

Valuation of investment properties (continued)

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 32.3 to the consolidated financial statements.

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 32.2 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 included in the Group's 2025 Annual Report

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

**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, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the 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 2025 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
31 March 2026

Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Income			
Real estate rental income		36,724,043	33,437,626
Revenue from contracts with customers		2,697,286	1,424,888
		39,421,329	34,862,514
Real estate operating expenses		(12,761,801)	(9,833,924)
Cost of contracts with customers		(2,336,927)	(2,435,987)
		(15,098,728)	(12,269,911)
Gross income		24,322,601	22,592,603
Change in fair value of investment properties	17	(289,724)	9,475,562
Change in fair value of properties under development	16	-	55,683
Change in fair value of financial assets at FVTPL		2,989,929	2,482,385
Profit / (loss) on sale of financial assets at FVTPL		190,093	(71,739)
Dividend income		429,660	375,626
Share of results of associates	14.2	2,168,597	(2,029,236)
Gain on bargain purchase of associate	14.3	10,123,409	-
Reversal of liabilities no longer required	19.1	2,183,014	-
Other income		765,221	490,096
		42,882,800	33,370,980
Expenses and other charges			
General and administrative expenses		(5,076,508)	(3,499,309)
Finance costs	8	(12,581,644)	(12,890,139)
Provision charge for doubtful debts	12 & 28	(659,910)	-
		(18,318,062)	(16,389,448)
Profit for the year before taxation on overseas subsidiaries		24,564,738	16,981,532
Taxation on overseas subsidiaries		(362,800)	(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		24,201,938	16,289,445
Provisions for KFAS, NLST and Zakat		(793,798)	(744,328)
Board of directors' remuneration	29	(60,000)	(60,000)
Profit for the year		23,348,140	15,485,117
Profit for the year attributable to:			
Owners of the Parent Company		15,073,225	13,414,640
Non-controlling interests		8,274,915	2,070,477
Profit for the year		23,348,140	15,485,117
Basic and diluted earnings per share (Fils)	9	12.526	11.277

The notes set out on pages 12 to 61 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Profit for the year	23,348,140	15,485,117
Other comprehensive (loss) / income:		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Net change in fair value of financial assets at FVTOCI	(5,924,692)	23,241,479
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss</i>		
Exchange differences arising on translation of foreign operations	(193,313)	378,624
Share of other comprehensive loss of associates	(412,915)	(755,332)
Total other comprehensive (loss) / income for the year	(6,530,920)	22,864,771
Total comprehensive income for the year	16,817,220	38,349,888
Total comprehensive income for the year attributable to:		
Owners of the Parent Company	8,542,305	36,279,411
Non-controlling interests	8,274,915	2,070,477
Total comprehensive income for the year	16,817,220	38,349,888

The notes set out on pages 12 to 61 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Notes	31 Dec. 2025 KD	31 Dec. 2024 KD
Assets			
Cash and cash equivalents	10	31,466,066	12,356,006
Financial assets at fair value through profit or loss	11	22,964,524	17,838,377
Accounts receivable and other assets	12	28,686,101	15,270,478
Due from related parties	28	13,063,611	14,524,805
Trading properties	13	39,666,818	37,182,589
Investment in associates	14	32,626,021	11,678,960
Financial assets at fair value through other comprehensive income	15	101,661,629	83,073,600
Capital work in progress		8,992,185	1,951,102
Properties under development	16	-	2,835,820
Investment properties	17	269,923,186	261,302,456
Property and equipment		2,542,911	2,898,014
Total assets		551,593,052	460,912,207
Liabilities and Equity			
Liabilities			
Due to banks	18	4,932,729	5,181,424
Accounts payable and other liabilities	19	21,172,453	21,928,048
Advances from customers	20	38,182,950	-
Lease liabilities	21	640,351	8,232,000
Borrowings	22	231,019,643	223,347,579
Due to related parties	28	1,980,825	5,671,846
Provision for employees' end of service benefits		1,324,595	1,171,381
Total liabilities		299,253,546	265,532,278
Equity			
Share capital	23	122,412,829	100,420,696
Share premium	23	19,392,082	3,425,191
Treasury shares	24	(3,334,958)	(7,135,682)
Statutory and voluntary reserves	25	32,910,719	29,725,313
Other components of equity	26	22,486,519	25,663,770
Retained earnings		33,018,679	26,978,681
Equity attributable to owners of the Parent Company		226,885,870	179,077,969
Non-controlling interests		25,453,636	16,301,960
Total equity		252,339,506	195,379,929
Total liabilities and equity		551,593,052	460,912,207



Talal Jassem Al Bahar
Vice Chairman & Chief Executive Officer

The notes set out on pages 12 to 61 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		
Balance at 1 January 2025	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
Share capital increase (note 23)	15,966,891	15,966,891	-	-	-	-	31,933,782	-	31,933,782
Capital contributions by non-controlling interests (note 7.5.1)	-	-	-	-	-	-	-	876,761	876,761
Purchase of treasury shares	-	-	(76,375,744)	-	-	-	(76,375,744)	-	(76,375,744)
Sale of treasury shares	-	-	80,176,468	-	3,531,090	-	83,707,558	-	83,707,558
Bonus shares distributions (note 29)	6,025,242	-	-	-	-	(6,025,242)	-	-	-
Total transactions with the owners	21,992,133	15,966,891	3,800,724	-	3,531,090	(6,025,242)	39,265,596	876,761	40,142,357
Profit for the year	-	-	-	-	-	15,073,225	15,073,225	8,274,915	23,348,140
Other comprehensive loss for the year	-	-	-	-	(6,530,920)	-	(6,530,920)	-	(6,530,920)
Total comprehensive (loss) / income for the year	-	-	-	-	(6,530,920)	15,073,225	8,542,305	8,274,915	16,817,220
Gain on disposal of financial assets at FVTOCI	-	-	-	-	(177,421)	177,421	-	-	-
Transferred to reserves	-	-	-	3,185,406	-	(3,185,406)	-	-	-
Balance at 31 December 2025	122,412,829	19,392,082	(3,334,958)	32,910,719	22,486,519	33,018,679	226,885,870	25,453,636	252,339,506

The notes set out on pages 12 to 61 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 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 by 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 29)	5,684,190	-	-	-	-	(5,684,190)	-	-	-	
Cash dividends distribution (note 29)	-	-	-	-	-	(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 61 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD
OPERATING ACTIVITIES			
Profit for the year		23,348,140	15,485,117
Adjustments:			
Depreciation		765,175	749,887
Finance costs	8	12,581,644	12,890,139
Change in fair value of investment properties	17	289,724	(9,475,562)
Change in fair value of properties under development	16	-	(55,683)
Share of results of associates	14.2	(2,168,597)	2,029,236
Gain on bargain purchase of associate	14.3	(10,123,409)	-
Change in fair value of financial assets at FVTPL		(2,989,929)	(2,482,385)
(Profit) / loss on sale of financial assets at FVTPL		(190,093)	71,739
Provision charge for doubtful debts	12 & 28	659,910	-
Dividend income		(429,660)	(375,626)
Reversal of liabilities no longer required	19.1	(2,183,014)	-
Provision charge for employees' end of service benefits		287,791	234,848
		19,847,682	19,071,710
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(13,962,022)	2,571,948
Due from related parties		1,347,683	1,787,518
Accounts payable and other liabilities		(1,832,544)	1,233,193
Due to related parties		(3,691,021)	(42,714)
Advances from customers	20	38,095,336	-
Employees' end of service benefits paid		(134,584)	(66,094)
Net cash from operating activities		39,670,530	24,555,561
INVESTING ACTIVITIES			
Purchase of property and equipment		(410,072)	(1,240,782)
Additions to capital work in progress		(4,577,577)	(1,897,922)
Additions to properties under development	16	(2,166,812)	(2,780,137)
Additions to investment properties	17	(1,793,307)	(2,652,306)
Additions to trading properties	13	(8,300,892)	(5,795,967)
Purchase of financial assets at FVTPL		(10,229,376)	(135,512)
Proceeds from sale of financial assets at FVTPL		5,216,616	-
Purchase of financial assets at FVTOCI		(146,444,419)	(60,044,193)
Proceeds from sale of financial assets at FVTOCI		121,931,700	53,073,933
Additions / capital contribution in associates	14.2	(2,903,408)	(1,588,878)
Dividend received from associates	14.2	37,266	74,536
Restricted bank balances	10	21,308	641
Term deposits maturing after 3 months	10	2,175,487	(1,049,673)
Dividend income received		429,660	375,626
Net cash used in investing activities		(47,013,826)	(23,660,634)

The notes set out on pages 12 to 61 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec 2025 KD	Year ended 31 Dec 2024 KD
FINANCING ACTIVITIES			
Net change in borrowings		8,080,482	24,245,642
Finance costs paid		(11,070,058)	(10,730,752)
Proceeds from increase of share capital	23	31,933,782	-
Lease liabilities paid	21	(8,232,000)	(8,232,000)
Net movement in treasury shares		7,331,814	(1,964,586)
Capital contributions by non-controlling interests	7.5.1	876,761	2,628,049
Dividends paid		(74,773)	(3,603,717)
Net cash from financing activities		28,846,008	2,342,636
Net increase in cash and cash equivalents		21,502,712	3,237,563
Foreign currency adjustments		52,838	281,179
Cash and cash equivalents at the beginning of the year	10	4,957,210	1,438,468
Cash and cash equivalents at the end of the year	10	26,512,760	4,957,210
Material non-cash transactions:			
Investment in associates	14.2	(16,325,237)	-
Gain on bargain purchase of associate	14.3	10,123,409	-
Disposal of financial assets at FVTPL	11.2	6,201,828	-
Disposal of trading properties	13	(3,135,193)	-
Additions to financial assets at FVTPL		3,135,193	4,261,994
Transferred from properties under development	17	5,002,632	7,867,584
Transferred to investment properties	16	(5,002,632)	(7,867,584)
Additions to capital work in progress		(2,463,506)	(8,232,000)
Lease additions / modification	21	640,351	8,232,000
Accounts payable and other liabilities		1,823,155	-
Accounts receivable and other assets		-	(4,261,994)
Transferred to trading properties	13	-	20,556,527
Transferred from investment properties	17	-	(20,556,527)

The notes set out on pages 12 to 61 form an integral part of these consolidated financial statements.

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 2025 were authorised for issue by the Parent Company's board of directors on 31 March 2026. 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

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

These consolidated financial statements have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered various factors and has a reasonable expectation that the Group has and will have adequate resources to continue its operations for the foreseeable future.

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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 21 Amendments – Lack of exchangeability	1 January 2025

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.

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 21 Amendments – Lack of exchangeability (continued)

- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency’s lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

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

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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to IFRS Accounting Standards – volume 11	1 January 2026

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

The amendments to IFRS 9 and IFRS 7 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 9 and IFRS 7 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. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

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

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

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

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

Annual Improvements to IFRS Accounting Standards – volume 11

The annual improvement project updates a number of standards primarily providing clarifications and removing inconsistencies.

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

5 Material accounting policy information

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.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

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.

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 Group often enters into transactions involving a range of the Group's products and services.

In all cases, 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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.4 Revenue (continued)

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

The Group recognises revenue from the following major sources:

5.4.1 Revenue from projects under development

The Group allocates the transaction price to the performance obligations in a contract, based on the input method, which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable can be measured reliably.

5.4.2 Rental income

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

5.4.3 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.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

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.

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 Leases

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'.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.10 Leases (continued)

The Group as a lessee (continued)

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.

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 contracts. 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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.10 Leases (continued)

The Group as a lessor (continued)

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.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

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. The cost of trading properties recognised in the consolidated statement of profit or loss is determined with reference to the costs incurred on the property sold to the extent of work completed.

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.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.17 Impairment testing of non-financial assets (continued)

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
 - (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)

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.18 Financial instruments (continued)

5.18.2 Classification of financial assets (continued)

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):

- 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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.18 Financial instruments (continued)

5.18.3 Subsequent measurement of financial assets (continued)

• *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.

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

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (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)

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.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.18 Financial instruments (continued)

5.18.4 Impairment of financial assets (continued)

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.

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

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

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.

- *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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.18 Financial instruments (continued)

5.18.5 Classification and subsequent measurement of financial liabilities(continued)

- *Financial liabilities at amortised cost (continued)*

- *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.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.23 Equity, reserves and dividend payments (continued)

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.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

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.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policy information (continued)

5.28 End of service indemnity (continued)

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 Advances from customers

Advances from customers includes instalments received from buyers for properties sold or services performed and from tenants for lease of a property prior to meeting the revenue recognition criteria. These are subsequently released to the consolidated statement of profit or loss once the revenue recognition criteria are met or settle upon termination of contract by the Group.

5.30 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.

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.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.1 Significant management judgments (continued)

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.

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.

6.1.8 Significant increase in credit risk

Estimated credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define "significant" increase. Therefore, assessment whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

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.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.2 Estimates uncertainty (continued)

6.2.2 *Impairment of financial assets (continued)*

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.

6.2.5 *Cost to complete the projects*

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

6.2.6 *Net realisable value of trading properties*

The Group carries its trading properties at the lower of cost and net realisable value. In determining whether the impairment losses should be recognised in the consolidated statement of profit or loss, management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the selling proceeds are lower than the anticipated costs to complete, an impairment provision is recognised for the identified loss event or condition to reduce the cost of development properties recognised within trading properties under development in the consolidated statement of financial position to net realisable value.

Notes to the consolidated financial statements (continued)

7 Subsidiaries

Name of subsidiary	Country of incorporation	Ownership Percentage		Principal activity
		31 Dec. 2025	31 Dec. 2024	
<i>Directly owned subsidiaries:</i>				
Habara Pearl Farm Company	USA	100%	100%	Investment
Al-Aqdain Kuwaiti for Real Estate Development Co – KSCC (7.1)	Kuwait	99.99%	99.99%	Real estate
Financial Group of Kuwait Co. – KSC (Holding) (7.4)	Kuwait	-	99.99%	Investment
KREC Meeker Debt Company Limited	Cayman Islands	100%	100%	Investment
KREC Meeker Equity Company Limited	Cayman Islands	100%	100%	Investment
IFA Hotels and Resorts Co. – S.A.L (Lebanon) (7.2)	Lebanon	100%	100%	Real estate
Al-Fereej International Real Estate Co. – WLL (7.1)	Kuwait	99%	99%	Real estate
Al Mottahida General Investment – LLC (7.3)	UAE	-	99%	Real estate
Al Durrar General Investment – LLC (7.3)	UAE	-	99%	Real estate
International Resorts Company - KSC	Kuwait	70.27%	70.27%	Real estate
Aqarat th8 Investment LTD (7.3)	Cayman Islands	-	100%	Real Estate
Active Holding Company – KSC (Closed)	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)	Kuwait	62.47%	62.47%	Real Estate
Al Koot Investments LLC (7.3)	UAE	100%	100%	Real Estate Investment & Management

7.1 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.

7.2 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 the reporting date.

7.3 During the year, the Parent Company transferred its ownership in certain subsidiaries, Al Mottahida General Investments LLC, Al Durrar General Investments LLC and Aqarat Th8 Investment LTD, to one of its subsidiaries, “Al Koot Investments LLC”. The transaction did not result in any gain or loss.

Notes to the consolidated financial statements (continued)

7 Subsidiaries (continued)

7.4 During the year, the Parent Company disposed of its subsidiary, Financial Group of Kuwait Co. – KSC (Holding). The transaction resulted in a gain of KD27,710.

7.5 *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. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	%	%	KD	KD	KD	KD
International Resorts Co. – KSCC	29.73%	29.73%	597,537	902,720	6,841,367	6,243,830
Eradat International Real Estate Company – KSCC	37.53%	37.53%	213,675	264,734	5,416,028	5,202,353
Assjad Al-Kuwait General Trading and Contracting Co. – WLL	49%	49%	6,531,141	903,021	8,758,867	2,227,726
KREC Investments Limited (7.5.1)	49.84%	44%	1,009,639	(7,045)	4,486,256	2,599,856

7.5.1 During the year, non-controlling interests contributed an amount of KD876,761 in respect of their share of a capital call relating to KREC Investments Limited which is held indirectly by the Group through its subsidiary, Al Koot Investments LLC.

Notes to the consolidated financial statements (continued)

7 Subsidiaries (continued)

7.5 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		Assjad Al-Kuwait General Trading and Contracting Co. – WLL		KREC Investments Limited	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Non-current assets	2,266,640	5,222,167	54,770,671	54,779,871	18,178,995	320,271	5,446,160	-
Current assets	23,799,361	22,871,041	647,776	54,779	209,668	4,518,278	4,001,264	5,779,144
Total assets	26,066,001	28,093,208	55,418,447	54,834,650	18,388,663	4,838,549	9,447,424	5,779,144
Non-current liabilities	62,124	3,482,125	-	-	3,778	3,778	200,326	-
Current liabilities	3,649,747	3,580,188	40,908,133	40,893,681	77,577	61,503	218,886	-
Total liabilities	3,711,871	7,062,313	40,908,133	40,893,681	81,355	65,281	419,212	-
Equity attributable to shareholders of the parent company	15,512,763	14,787,065	9,094,286	8,738,616	9,548,441	2,545,542	4,541,956	3,179,288
Non-controlling interests	6,841,367	6,243,830	5,416,028	5,202,353	8,758,867	2,227,726	4,486,256	2,599,856
Revenue	5,707,822	5,901,721	4,785,677	3,217,117	-	-	-	-
Profit/(loss) for the year attributable to the shareholders of the parent company	1,411,723	2,132,737	355,670	440,658	6,797,718	939,880	1,015,884	(8,966)
Profit/(loss) for the year attributable to NCI	597,537	902,720	213,675	264,734	6,531,141	903,021	1,009,634	(7,045)
Profit / (loss) for the year	2,009,260	3,035,457	569,345	705,392	13,328,859	1,842,901	2,025,518	(16,011)
Total comprehensive income/(loss) for the year attributable to the shareholders of the parent company	1,419,606	2,134,739	355,670	440,658	6,797,718	939,880	1,015,884	(8,966)
Total comprehensive income/(loss) for the year attributable to NCI	600,898	903,603	213,675	264,734	6,531,141	903,021	1,009,634	(7,045)
Total comprehensive income/(loss) for the year	2,020,504	3,038,342	569,345	705,392	13,328,859	1,842,901	2,025,518	(16,011)
Net cash from / (used in) operating activities	10,651,629	(6,722,704)	592,997	149,063	(16,174)	(2,935)	666,850	-
Net cash (used in) / from investing activities	(386,470)	(39,065)	-	(103,541)	-	393	(5,446,160)	-
Net cash (used in) / from financing activities	(3,978,790)	(124,126)	-	-	16,072	2,875	-	5,779,144
Net cash outflow	6,286,369	(6,885,895)	592,997	45,522	(102)	333	(4,779,310)	5,779,144

Notes to the consolidated financial statements (continued)

8 Finance costs

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
<i>On financial liabilities at amortised cost:</i>		
Bank charges	34,425	111,214
Due to banks	237,115	180,183
Borrowings	12,310,104	12,417,181
Lease liabilities	-	181,561
	12,581,644	12,890,139

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. 2025	Year ended 31 Dec. 2024
Profit for the year attributable to the owners of the Parent Company (KD)	15,073,225	13,414,640
Weighted average number of shares outstanding during the year (excluding treasury shares) (share)	1,203,360,664	1,189,563,172
Basic and diluted earnings per share (Fils)	12.526	11.277

The comparative weighted average number of shares used in the calculation of basic and diluted earnings per share has been adjusted to reflect the impact of bonus shares for the year ended 31 December 2024 and the increase in share capital (Notes 23 and 29). Earnings per share for the year ended 31 December 2024 were 13.84 fils before retroactive adjustment.

10 Cash and cash equivalents

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cash and bank balances	30,796,196	9,757,516
Cash in investment portfolios managed by others	669,870	423,003
Term deposits	-	2,175,487
Cash and cash equivalents	31,466,066	12,356,006
Less:		
Due to bank (note 18)	(4,932,729)	(5,181,424)
Restricted bank balances (note 10.1)	(20,577)	(41,885)
Term deposits with original maturity exceeding three months	-	(2,175,487)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	26,512,760	4,957,210

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. 2025 KD	31 Dec. 2024 KD
Local quoted securities (note 11.1)	6,394,860	1,089,204
Local unquoted securities	43,889	91,517
Foreign quoted securities	12,995	5,978
Foreign unquoted securities (note 11.2)	7,288,232	11,613,924
Managed funds	9,224,548	5,037,754
	22,964,524	17,838,377

11.1 Quoted securities with carrying value of KD5,576,185 are pledged against borrowings (note 22).

11.2 During the year, foreign unquoted equity securities amounting to KD6,201,828 were reclassified to investments in associates (note 14.3).

11.3 The hierarchy for determining and disclosing the fair values of financial instruments is presented in Note 32.2.

12 Accounts receivable and other assets

	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets		
Accounts receivable	11,451,883	10,163,425
Refundable deposits	1,064,136	540,815
Due on sale of investment properties	6,179	4,572,582
Other assets	3,127,757	2,798,918
	15,649,955	18,075,740
Provision for doubtful debts	(6,365,133)	(5,818,734)
	9,284,822	12,257,006
Non-financial assets		
Deferred commission on sale of trading properties	10,400,550	-
Advances to contractors and suppliers	8,810,613	1,944,606
Other assets	190,116	1,068,866
	19,401,279	3,013,472
	28,686,101	15,270,478

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

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

	2025 KD	2024 KD
At 1 January	5,818,734	5,818,734
Charge during the year	546,399	-
At 31 December	6,365,133	5,818,734

Notes to the consolidated financial statements (continued)

13 Trading properties

The movement in the trading properties is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Developed properties		
Balance at the beginning of the year	15,419,790	9,615,005
Additions during the year	-	5,773,634
Disposals during the year	(3,135,193)	-
Transferred to investment properties	(2,638,441)	-
Foreign currency translation adjustments	(43,029)	31,151
	9,603,127	15,419,790
Provision for impairment in value	(1,451,230)	(1,451,230)
	8,151,897	13,968,560
Under development properties		
Balance at the beginning of the year	23,214,029	-
Transferred from investment properties	-	20,556,527
Additions during the year	8,300,892	2,657,502
	31,514,921	23,214,029
Balance at the end of the year	39,666,818	37,182,589

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

14 Investment in associates

14.1 Details of the associates are set out below:

Name of associate	Country of Incorporation	Ownership percentage		Principal activities
		31 Dec. 2025	31 Dec. 2024	
		%	%	
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
Seven Seas Resorts Company – KSCC (14.1.2)	Kuwait	40	-	Real estate
Aurum (Cayman) Limited	Cayman Islands	30	-	Holding Company

Notes to the consolidated financial statements (continued)

14 Investment in associates (continued)

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.

14.1.2 During the year, the Group acquired 40% interest in Seven Seas Resorts Company – KSCC. Accordingly, the Group's management has the ability to exercise significant influence over the investee resulting in its classification as an associate.

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

	2025 KD	2024 KD
At 1 January	11,678,960	12,949,186
Additions / capital contribution	19,228,645	1,588,878
Share of results	2,168,597	(2,029,236)
Dividends	(37,266)	(74,536)
Share of other comprehensive income	(412,915)	(755,332)
At 31 December	32,626,021	11,678,960

14.3 During the year, the Group obtained representation on the board of directors of one of its investees, Aurum (Cayman) Limited, in which the Group holds a 30% ownership interest with a carrying value of KD6,201,828 and had previously been classified as a financial asset at fair value through profit or loss. Accordingly, the Group's management has the ability to exercise significant influence over the investee. Consequently, the Group has reclassified the investment as an investment in an associate.

The reclassification of the investment as an associate resulted in provisional gain on bargain purchase of KD10,123,409. The provisional fair value of the identifiable assets and liabilities as at the date of acquisition of the above investee are as follows:

	KD
Total assets	235,880,356
Total liabilities	181,462,900
Net assets	54,417,456
Purchase consideration	6,201,828
Share of net assets acquired	(16,325,237)
Gain on bargain purchase	(10,123,409)

The fair value of identifiable assets and liabilities acquired were provisionally determined by the Group's management. The estimates referred above, and resultant gain on bargain purchase, are subject to revision within twelve months of the acquisition date.

Notes to the consolidated financial statements (continued)

14 Investment in associates (continued)

14.4 Summarised financial information in respect of the Group's material associates are set out below. The summarised financial information below represents the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates, if any.

	KREC Yotel Miami Debt Company Limited		KREC Yotel Miami Equity Company Limited		Aurum (Cayman) Limited	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Summarised statement of financial position - 31 December						
Total assets	5,050,561	4,101,773	3,428,406	3,099,040	202,183,334	-
Total liabilities	(129,107)	(69,812)	(128,538)	(107,239)	(143,478,581)	-
Equity attributable to the owners of the associate	4,921,454	4,031,961	3,299,868	2,991,801	58,704,753	-
Group's ownership interest	100%	100%	100%	100%	30%	-
Group's share of net assets of the associate	4,921,454	4,031,961	3,299,868	2,991,801	17,611,426	-
Carrying value of Group's ownership interest	4,921,454	4,031,961	3,299,868	2,991,801	17,611,426	-
Summarised statement of profit or loss – year / period ended 31 December						
Income / (loss) for the year / period	291,546	(3,834,192)	307,661	1,593,455	62,696,847	-
Profit / (loss) for the year / period	291,546	(3,834,192)	285,283	1,574,755	4,287,297	-
Total comprehensive income / (loss) for the year / period	517,020	(3,834,192)	458,644	1,574,755	4,287,297	-

Notes to the consolidated financial statements (continued)

14 Investment in associates (continued)

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

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Group's share of results	305,579	230,201
Group share of other comprehensive income	(811,750)	(755,332)
Group's share of the total comprehensive income	(506,171)	(525,131)
Aggregate carrying amount of Group's interest in associates	6,793,273	4,655,198
Dividends	37,266	74,536

15 Financial assets at fair value through other comprehensive income

	31 Dec. 2025 KD	31 Dec. 2024 KD
Local quoted securities	67,409,424	53,527,962
Local unquoted securities	5,850,592	4,838,709
Foreign unquoted securities	13,465,217	11,989,640
Debt instruments	6,581,760	6,502,661
Managed funds	8,354,636	6,214,628
	101,661,629	83,073,600

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 2025					
Local quoted securities	27,623,069	37,892,662	569,362	1,324,331	67,409,424
Local unquoted securities	399,003	153,131	5,138,958	159,500	5,850,592
Foreign unquoted securities	8,770	12,441,406	937,205	77,836	13,465,217
Debt instruments	-	6,581,760	-	-	6,581,760
Managed funds	-	8,354,636	-	-	8,354,636
	28,030,842	65,423,595	6,645,525	1,561,667	101,661,629
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

Notes to the consolidated financial statements (continued)

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

Debt instruments represent promissory notes of foreign companies and carry annual interest rate 9% (31 December 2024: 9%).

Quoted and unquoted securities with carrying value of KD32,092,955 (2024: KD31,443,164) are pledged against borrowings (note 22).

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 32.2.

16 Properties under development

	31 Dec 2025 KD	31 Dec 2024 KD
Cost		
Land costs	2,835,820	2,183,842
Development costs	-	5,683,742
Carrying value at the beginning of the year	2,835,820	7,867,584
Development costs charged for the year	2,166,812	2,780,137
Transferred to investment properties (note 16.1)	(5,002,632)	(7,867,584)
Change in fair value during the year	-	55,683
Carrying value at end of the year	-	2,835,820

16.1 Properties with an aggregate carrying value of KD5,002,632 were under development and have been completed during the year and transferred to investment properties.

17 Investment properties

	Owned properties KD	Leased properties KD	Total KD
31 December 2025:			
Balance at the beginning of the year	251,966,916	9,335,540	261,302,456
Additions during the year	1,793,307	-	1,793,307
Transferred from trading properties (note 13)	2,638,441	-	2,638,441
Transferred from properties under development (note 16.1)	5,002,632	-	5,002,632
Change in fair value during the year	9,045,816	(9,335,540)	(289,724)
Exchange adjustment	(523,926)	-	(523,926)
Balance at the end of the year	269,923,186	-	269,923,186
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	7,867,584	-	7,867,584
Transferred to trading properties	(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

Notes to the consolidated financial statements (continued)

17 Investment properties (continued)

17.1 The Group's investment properties are located as follows

	31 Dec. 2025 KD	31 Dec. 2024 KD
Kuwait	189,781,895	191,983,542
UAE	78,626,479	67,789,904
Other MENA countries	1,514,812	1,529,010
	269,923,186	261,302,456

17.2 Investment properties with a carrying value of KD244,929,739 (2024: KD216,766,190) are pledged against borrowings and due to banks (notes 22 and 18).

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

Note 32.3 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 local banks in the form of overdraft facilities. The facilities carry an annual profit rate of 0.75% - 1.5% (2024: 0.75% - 1.5%) 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. 2025 KD	31 Dec. 2024 KD
Financial liabilities		
Accounts payable (note 19.1)	5,316,592	6,677,050
Accrued interest	2,171,496	2,159,387
Accrued expenses and leave	3,525,123	1,470,668
Provision for National Labour Support Tax	2,191,253	2,497,880
Provision for Zakat	980,049	974,723
Provision for KFAS (note 19.2)	320,999	264,472
Dividends payable	2,018,905	1,321,270
Refundable deposits	2,132,828	2,398,800
Other liabilities	1,334,747	1,859,837
	19,991,992	19,624,087
Non-financial liabilities		
Advance rent	416,693	221,724
Other liabilities	763,768	2,082,237
	1,180,461	2,303,961
	21,172,453	21,928,048

Notes to the consolidated financial statements (continued)

19 Accounts payable and other liabilities (continued)

19.1 During previous years, the Group sold certain plots of land located in the Mahboula area of Kuwait, which were jointly owned with other parties. Net proceeds received on behalf of these parties from the sale transactions have been recognised under accounts payable, which amounted to KD2,183,014 as at 31 December 2024.

During the year, the Group obtained a legal opinion from the Group's legal counsel confirming that the Group has no legal obligation to settle these amounts which have remained outstanding for no less than 10 years past their due date. Accordingly, the Group's management decided to derecognise the related payables, amounting to KD2,183,014, and recognised them as an income on reversal of liabilities no longer required to the consolidated statement of profit or loss.

19.2 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.

20 Advances from customers

Advances received from customers against sale of trading properties under development related to "Al Tay Hills" project located in Sharjah in the United Arab Emirates. The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied as at 31 December 2025 is AED3,194,811,067 equivalent to KD265,169,319. The Group expects to recognise these unsatisfied performance obligations as revenue over a period of 4 years.

The movement in advances received from customers is as follows:

	31 Dec. 2025 KD
Balance at the beginning of the year	-
Advances received during the year	38,095,336
Exchange adjustment	87,614
Balance at end of the year	38,182,950

Al Tay Hills project, is a landmark residential development in Sharjah, UAE, developed by the Group in partnership with IFA Hotels & Resorts (a related party). The project estimated cost is AED3.5 billion spans over 6 million square feet and is designed to offer a luxurious and sustainable living experience. It comprises 1,100 residential units including villas and townhouses.

Notes to the consolidated financial statements (continued)

21 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:

	2025 KD	2024 KD
At 1 January	8,232,000	7,860,289
Lease modification	-	8,232,000
Additions during the year	640,351	-
Finance costs charged for the year	-	371,711
Settled during the year	(8,232,000)	(8,232,000)
At 31 December	640,351	8,232,000

As of the reporting date, the Ministry of Finance has not formally renewed or extended certain BOT lease contracts. Management is currently assessing the status and potential implications of these arrangements.

22 Borrowings

	31 Dec. 2025 KD	31 Dec. 2024 KD
Islamic financing payables (i)	182,043,797	184,362,837
Term loans (ii)	48,975,846	38,984,742
Total	231,019,643	223,347,579
Borrowings in KD	190,670,220	185,273,973
Borrowings in other currencies	40,349,423	38,073,606
Total	231,019,643	223,347,579

The borrowings due for repayment as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Within one year	17,086,122	23,605,945
Over one year	213,933,521	199,741,634
Total	231,019,643	223,347,579

i) Islamic financing payables represent the following

- Outstanding Murabaha payables, Wakala payables and Tawarruq payables of KD180,143,797 represent obtained in Kuwaiti Dinar from local Islamic banks, carry an annual profit rate of .75% - 1.5% (2024: 0.75% - 1%) over CBK discount rate and repayable in different unequal instalments ending on 01 May 2039.
- Outstanding Wakala payable of KD1,900,000 obtained in Kuwaiti Dinar from local Islamic banks, carry an annual profit rate of 1.5% (2024: 1.5%) over CBK discount rate and repayable on quarterly instalments ending on 7 September 2029.

Notes to the consolidated financial statements (continued)

22 Borrowings (continued)

- ii) Term loans to represent the following:
- Outstanding term loans of KD40,349,423 obtained in AED from a foreign bank carry an average interest rate of EIBOR + 2.375% per annum risk premium (with a minimum floor of 4%) and are repayable in different unequal instalments ending on 2036.
 - Outstanding term loans of KD3,626,423 obtained in Kuwaiti Dinar from a local bank, carry an annual interest rate of 1.5% (2024: 1.5%) over CBK discount rate and repayable in different unequal instalments ending on 30 June 2030.
 - Outstanding revolving term loan of KD5,000,000 obtained in Kuwaiti Dinar from a local bank carry an annual interest rate of 1% over the CBK discount rate and are repayable in one instalment on 30 June 2026

Borrowings are secured by pledge of Group's certain financial assets at FVTPL, financial assets at FVTOCI and investment properties (notes 11, 15 and 17).

23 Share capital and share premium

At 31 December 2025, the authorized, issued and fully paid up share capital of the Parent Company comprised of 1,224,128,285 shares of 100 fils each (31 December 2024: 1,004,206,962 shares of 100 fils each). All shares are cash shares.

During the year, the Parent Company's share capital was increased by 60,252,417 shares through issuance of new shares which represents the bonus shares to the shareholders as approved by the General Assembly of the shareholders (Note 29). The capital increase was approved by the relevant authorities and registered in the commercial register on 15 May 2025.

On 18 June 2025, the Board of Directors of the Parent Company approved a 15% increase in the authorized share capital, through a cash increase from KD106,445,938 to KD122,412,829 through offering of 159,668,911 shares at a price of 200 fils per share (comprising a nominal value of 100 fils and a share premium of 100 fils). Following the increase, the authorized share capital will be divided into 1,224,128,285 shares with a nominal value of 100 fils per share. On 14 July 2025, the Extraordinary General Assembly of the shareholders approved the capital increase which has been documented in the commercial register with the Ministry of Commerce and Industry on 31 July 2025.

On 21 August 2025, the Capital Markets Authority approved the above capital increase.

On 3 November 2025, all regulatory procedures related to the increase of the Parent Company's issued and paid-up capital to KD122,412,829 have been completed and documented to the commercial register with the Ministry of Commerce and Industry.

The share premium is non-distributable.

24 Treasury shares

	31 Dec. 2025	31 Dec. 2024
Number of treasury shares	8,625,590	29,517,327
Percentage of ownership (%)	0.705%	2.94%
Market value (KD)	3,277,724	7,467,884
Cost (KD)	3,334,958	7,135,682

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

Notes to the consolidated financial statements (continued)

25 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.

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 2025	20,940,734	8,784,579	29,725,313
Transfer from retained earnings during the year	1,592,703	1,592,703	3,185,406
Balances at 31 December 2025	22,533,437	10,377,282	32,910,719
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
Balance at 31 December 2024	20,940,734	8,784,579	29,725,313

26 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 2025	9,571,049	364,780	15,727,941	25,663,770
Gain on sale of treasury shares	3,531,090	-	-	3,531,090
Gain on sale of financial assets at FVTOCI	-	-	(177,421)	(177,421)
<i>Other comprehensive (loss)/ income:</i>				
Net change in fair value of financial assets at FVTOCI	-	-	(5,924,692)	(5,924,692)
Share of other comprehensive income / (loss) of associates	-	346,579	(759,494)	(412,915)
Exchange differences arising on translation of foreign operations	-	(193,313)	-	(193,313)
Balances at 31 December 2025	13,102,139	518,046	8,866,334	22,486,519

Notes to the consolidated financial statements (continued)

26 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 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)
<i>Other comprehensive income/(loss):</i>				
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

27 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 banks KD	Total KD
At 1 January 2025	223,347,579	8,232,000	5,181,424	236,761,003
Cash flows:				
• Repayment	(83,246,806)	(8,232,000)	(248,695)	(91,727,501)
• Proceeds	90,743,049	-	-	90,743,049
Non-cash transactions:				
• Lease additions	-	640,351	-	640,351
• Foreign currency adjustments	175,821	-	-	175,821
At 31 December 2025	231,019,643	640,351	4,932,729	236,592,723
At 1 January 2024	199,051,069	7,860,289	3,561,368	210,472,726
Cash flows:				
• Repayment	(29,614,386)	(8,232,000)	(27,016,428)	(64,862,814)
• Proceeds	53,860,028	-	28,636,484	82,496,512
Non-cash transactions:				
• Charged during the year	-	371,711	-	371,711
• Lease additions / modification	-	8,232,000	-	8,232,000
• Foreign currency adjustments	50,868	-	-	50,868
At 31 December 2024	223,347,579	8,232,000	5,181,424	236,761,003

28 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 Group 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's management.

Notes to the consolidated financial statements (continued)

28 Related party transactions and balances (continued)

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
Amounts included in the consolidated financial position:		
Due from related parties	13,063,611	14,524,805
Due to related parties	1,980,825	5,671,846
Due on sale of investment properties	6,179	16,979

Financial assets at fair value through other comprehensive income amounting to KD4,867,360 (2024: KD2,954,458) and financial assets at fair value through profit or loss amounting to KD1,328,826 (31 December 2024: KD1,011,644) are managed by a related party.

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Transactions included in the consolidated statement of profit or loss:		
Real estate rental income	3,250,795	3,333,430
Real estate operating expenses	1,025,814	653,542
General and administrative expenses	393,968	393,968
Provision charge for doubtful debts	113,511	-
Key management compensation:		
Salaries and short-term benefits	307,348	307,348
End of service benefits	11,657	11,657
Board of Directors' remuneration	60,000	60,000

29 Proposed dividends and general assembly of shareholders

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 2025. 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.

The Annual General Assembly of the shareholders of the Parent Company held on 15 May 2025 approved the consolidated financial statements for the year ended 31 December 2024 and the Board of Directors' proposal to distribute 6% bonus share to the shareholders of the Parent Company for the year ended 31 December 2024 (2023: 6% bonus share and cash dividends of 4 Fils per share). Furthermore, the General Assembly approved the Board of Directors' proposal to distribute directors' remuneration of KD60,000 for the year then ended (2023: KD60,000).

The Extraordinary General Assembly of the shareholders of the Parent Company held on 15 May 2025 approved to increase the authorized, issued and paid-up share capital of the Parent Company from KD100,420,696 to KD106,445,938 by issuing 6% bonus shares.

The Extraordinary General Assembly of the shareholders of the Parent Company held on 14 July 2025 approved to increase the authorized share capital of the Parent Company by 15% through a cash increase from KD106,445,938 to KD122,412,829.

Notes to the consolidated financial statements (continued)

30 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 2025:					
Income	23,672,518	15,901,687	360,359	2,948,236	42,882,800
Profit/(loss) for the year	11,090,874	15,901,687	360,359	(4,004,780)	23,348,140
Total assets	390,850,878	157,252,174	3,178,825	311,175	551,593,052
Total liabilities	234,691,011	57,532,259	5,705,692	1,324,584	299,253,546
Net assets	156,159,867	99,719,915	(2,526,867)	(1,013,409)	252,339,506
31 December 2024:					
Income/(loss)	33,134,947	757,036	(1,011,099)	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 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.

31.1 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.

Notes to the consolidated financial statements (continued)

31 Risk management objectives and policies (continued)

31.1 Market risk (continued)

(a) Foreign currency risk (continued)

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. 2025 KD	31 Dec. 2024 KD
USD	45,863,698	44,048,117
Euro	937,205	961,223
GBP	10,192,522	7,575,860
AED	24,638,024	78,850,402

The following table details the Group's sensitivity to a 2% (2024: 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 year end 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. 2025 KD	31 Dec. 2024 KD
Results for the year	964,898	2,035,444
Equity	667,731	590,052

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%) (2024: +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.

	31 Dec. 2025		31 Dec. 2024	
	+ 1 % KD	-1 % KD	+ 1 % KD	-1 % KD
Results for the year	(2,359,524)	2,359,524	(2,285,290)	2,285,290

Notes to the consolidated financial statements (continued)

31 Risk management objectives and policies (continued)

31.1 Market risk (continued)

(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% (2024: 5%) higher, the effect on the result for the year and equity would have been as follows.

	Results for the year		Equity	
	31 Dec. 2025 KD	31 Dec. 2024 KD	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets at fair value through profit or loss	1,148,226	891,919	-	-
Financial assets at FVTOCI	-	-	5,083,081	4,153,680
	1,148,226	891,919	5,083,081	4,153,680

If prices of financial securities had been 5% (2024: 5%) lower, the effect on the results for the year and equity would have been equally the reverse as disclosed above.

31.2 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.

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. 2025 KD	31 Dec. 2024 KD
Financial assets at fair value through other comprehensive income	6,581,760	6,502,661
Due from related parties	13,063,611	14,524,805
Accounts receivable and other assets	9,284,822	12,257,006
Cash and cash equivalents	31,466,066	12,356,006
	60,396,259	45,640,478

Notes to the consolidated financial statements (continued)

31 Risk management objectives and policies (continued)

31.2 Credit risk (continued)

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 KD20,577 (31 December 2024: KD41,885) 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 31.4.

31.3 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 2025				
Liabilities				
Borrowings	-	17,837,639	218,238,386	236,076,025
Lease liabilities	-	32,000	608,351	640,351
Provision for employees' end of services benefits	-	-	1,324,595	1,324,595
Due to related parties	-	1,980,825	-	1,980,825
Accounts payable and other liabilities	-	21,172,453	-	21,172,453
Due to banks	5,160,868	-	-	5,160,868
	5,160,868	41,022,917	220,171,332	266,355,117
31 December 2024				
Liabilities				
Borrowings	-	24,485,746	204,676,976	229,162,722
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	5,446,972	-	-	5,446,972
	5,446,972	60,317,640	205,848,357	271,612,969

Notes to the consolidated financial statements (continued)

31 Risk management objectives and policies (continued)

31.4 Geographical Concentration

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

	Kuwait KD	Other MENA countries KD	USA, Europe and other countries KD	Total KD
31 December 2025				
Financial assets at FVTOCI	68,275,074	-	33,386,555	101,661,629
Due from related parties	13,063,611	-	-	13,063,611
Accounts receivable and other assets	3,287,475	24,582,308	816,318	28,686,101
Financial assets at fair value through profit or loss	12,223,657	4,000,541	6,740,326	22,964,524
Cash and cash equivalents	19,834,054	11,458,289	173,723	31,466,066
	116,683,871	40,041,138	41,116,922	197,841,931
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

32 Fair value measurement

32.1 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).

Notes to the consolidated financial statements (continued)

32 Fair value measurement (continued)

32.2 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. 2025 KD	31 Dec. 2024 KD
Financial assets:		
<i>At amortised cost:</i>		
Due from related parties	13,063,611	14,524,805
Accounts receivable and other assets	9,284,822	12,257,006
Cash and cash equivalents	31,466,066	12,356,006
<i>At fair value:</i>		
Financial assets at fair value through profit or loss	22,964,524	17,838,377
Financial assets at fair value through other comprehensive income	101,661,629	83,073,600
	178,440,652	140,049,794
Financial liabilities:		
<i>Financial liabilities at amortised cost</i>		
Borrowings	231,019,643	223,347,579
Lease liabilities	640,351	8,232,000
Provision for employees' end of service benefits	1,324,595	1,171,381
Due to related parties	1,980,825	5,671,846
Accounts payable and other liabilities	21,172,453	21,928,048
Due to bank	4,932,729	5,181,424
	261,070,596	265,532,278

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)

32 Fair value measurement (continued)

32.2 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 2025

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	6,394,860	-	-	6,394,860
Local unquoted securities	-	-	43,889	43,889
Foreign quoted securities	12,995	-	-	12,995
Foreign unquoted securities	-	-	7,288,232	7,288,232
Managed funds	-	9,224,548	-	9,224,548
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	67,409,424	-	-	67,409,424
Local unquoted securities	-	-	5,850,592	5,850,592
Foreign unquoted securities	-	-	13,465,217	13,465,217
Debt instruments	-	-	6,581,760	6,581,760
Managed funds	-	8,354,636	-	8,354,636
	73,817,279	17,579,184	33,229,690	124,626,153

31 December 2024

Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
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	-	-	11,613,924	11,613,924
Managed funds	-	5,037,754	-	5,037,754
<i>Financial assets at fair value through other comprehensive income:</i>				
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	11,252,382	35,036,451	100,911,977

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)

32 Fair value measurement (continued)

32.2 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. 2025 KD	31 Dec. 2024 KD
Opening balance	35,036,451	34,578,049
Additions	3,018,412	3,764,884
Reclassification to investment in associates	(6,201,828)	-
Disposals	-	(503,486)
Change in fair value	1,376,655	(2,802,996)
Closing balance	33,229,690	35,036,451

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)

32 Fair value measurement (continued)

32.3 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 2025 and 31 December 2024.

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 2025 and 31 December 2024, 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	Estimated rental stream approach	Monthly economic rental value	KD 350 to KD2,564 (2024: KD241 to KD2,128)	Fair value increases if economic rental value increases, and vice versa.
Lands				
Lands	Market comparison approach	Estimated market price (per sq ft.)	KD3 to KD285 (2024: KD3 to KD215)	Higher the price per square meter, higher the fair value

The Group measurement of properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The movement in investment properties within this level from the beginning to the end of the year is disclosed in Note 17.

Notes to the consolidated financial statements (continued)

33 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. 2025 KD	31 Dec. 2024 KD
Borrowings (note 22)	231,019,643	223,347,579
Due to banks (note 18)	4,932,729	5,181,424
Lease liabilities (note 21)	640,351	8,232,000
Less:		
Cash and cash equivalents (note 10)	(31,466,066)	(12,356,006)
Net debt	205,126,657	224,404,997
Equity	252,339,506	195,379,929
Net debt to equity ratio	81 %	115%

34 Contingent liabilities and commitments

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
Issued letters of guarantee	16,011,845	11,219,528
Capital commitments	17,259,414	9,192,646
	33,271,259	20,412,174

35 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.

36 Subsequent events

Subsequent to the reporting date, geopolitical developments in the Middle East have continued to evolve. This has increased uncertainty and may affect economic conditions and financial markets. These events are considered non-adjusting as they do not relate to conditions existing at the reporting date.

Notes to the consolidated financial statements (continued)

36 Subsequent events (continued)

The Group holds significant real estate assets valued using market based and income capitalization approaches and also investments measured using discounted cash flow techniques. These developments may affect property values, market conditions, capitalization rates, discount rates and future cash flow assumptions. As at the date of approval of these consolidated financial statements the financial impact cannot be reliably estimated. The Group continues to monitor the situation.

37 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.

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