Grant Thornton
Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report

Kuwait Business Town Real Estate Company – KPSC and its Subsidiaries

Kuwait

31 December 2024

Contents

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Al-Qatami, Al-Aiban & Partners

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Independent auditor's report

To the Shareholders of
Kuwait Business Town Real Estate Company - KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait Business Town Real Estate Company - KPSC (the "Parent Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

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

Key Audit Matters

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

Valuation of investment properties

The Group's investment properties comprise of buildings in Kuwait and other countries. The total value of investment properties is significant to the Group's consolidated financial statements and are measured 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 income capitalization approach which is based on estimates and assumptions such as rental values, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions for certain other properties. Also, the disclosures relating to the assumptions are relevant, given the estimation uncertainty and sensitivity of the valuations. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we identified this as a key audit matter. The Group's disclosures about its investment properties are included in notes 16 and 28.3 to the consolidated financial statements.

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

Key Audit Matters (continued)

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

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

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

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

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

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

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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016 and its Executive Regulations nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

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

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

Kuwait
27 March 2025

Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
From continuing operations:			
Income			
Rental income		**2,945,558**	2,147,812
Net gain from financial assets at fair value	8	**1,434,504**	565,140
Share of result from associates & joint venture	15	**1,793,414**	-
Gain on sale of investment properties	16	**237,709**	-
Change in fair value of investment properties	16	**801,226**	48,337
Gain on sale of subsidiaries	7.2	**-**	2,900,992
Interest income		**1,443,265**	677,288
Foreign currency exchange gain (loss) / gain		**(42,755)**	29,638
Other Income		**39,267**	127,369
		8,652,188	6,496,576
Expenses and other charges			
General and administrative expenses		**(2,432,261)**	(2,149,744)
Provision charge for doubtful debts	12.4	**(23,904)**	(2,350)
Finance costs	9	**(2,075,276)**	(1,358,151)
Goodwill written off	7.1.4	**(15,517)**	-
Property, plant and equipment written off		**(83,782)**	-
		(4,630,740)	(3,510,245)
Profit for the year from continuing operations		**4,021,448**	2,986,331
Profit for the year from discontinued operations	7.2	**-**	458,705
Profit for the year before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		**4,021,448**	3,445,036
Provisions for KFAS, NLST and Zakat		**(132,727)**	(76,927)
Profit for the year		**3,888,721**	3,368,109
Attributable to:			
Owners of the Parent Company		**3,091,973**	3,068,487
Non-controlling interests		**796,748**	299,622
Profit for the year		**3,888,721**	3,368,109
Basic and diluted earnings per share			
- From continuing operations		**5.43 Fils**	4.72 Fils
- From discontinued operations		**-**	0.61 Fils
Total basic and diluted earnings per share (Fils)	10	**5.43 Fils**	5.33 Fils

The notes set out on pages 12 to 58 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Profit for the year	**3,888,721**	3,368,109
Other comprehensive income:		
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
Net change in fair value of financial assets at fair value through other comprehensive income	**(680,095)**	639,645
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Net change in fair value of financial assets at fair value through other comprehensive income	**(99,150)**	831,612
Share of other comprehensive loss of associate	**(4,138)**	-
Exchange differences arising on translation of foreign operations	**(142,279)**	628,989
Total other comprehensive (loss) / income for the year	**(925,662)**	2,100,246
Total comprehensive income for the year	**2,963,059**	5,468,355
Total comprehensive income attributable to:		
Owners of the Parent Company	**2,188,212**	5,005,849
Non-controlling interests	**774,847**	462,506
Total comprehensive income for the year	**2,963,059**	5,468,355

Consolidated statement of financial position

	Notes	31 Dec. 2024 KD	31 Dec. 2023 KD
Assets			
Cash and cash equivalents	11	**4,164,316**	10,531,642
Accounts receivable and other assets	12	**2,308,468**	4,452,512
Financial assets at fair value through profit or loss	13	**16,686,390**	4,964,196
Financial assets at fair value through other comprehensive income	14	**35,699,326**	22,003,477
Investment in associates and joint venture	15	**15,617,603**	12,868,607
Investment properties	16	**43,468,999**	39,633,117
Property, plant and equipment		**125,700**	11,069
Total assets		**118,070,802**	94,464,620
Equity and liabilities			
Equity			
Share capital	17	**57,512,773**	57,512,773
Treasury shares	18	**(306,625)**	(142,695)
Treasury shares reserve		**31,773**	-
Statutory reserve	19	**1,275,221**	952,751
Voluntary reserve	19	**1,275,221**	952,751
Foreign currency translation reserve		**(776,881)**	(655,143)
Cumulative changes in fair value		**(10,514,003)**	(9,731,980)
Retained earnings		**4,123,155**	2,890,713
Equity attributable to owners of the Parent Company		**52,620,634**	51,779,170
Non-controlling interests		**6,218,176**	5,650,947
Total equity		**58,838,810**	57,430,117
Liabilities			
Provision for employees' end of service benefits		**260,245**	346,537
Accounts payable and other liabilities	20	**2,408,293**	2,535,607
Borrowings	21	**53,106,085**	30,802,454
Due to banks	22	**3,457,369**	3,349,905
Total liabilities		**59,231,992**	37,034,503
Total equity and liabilities		**118,070,802**	94,464,620

KBT Kuwait Business Town
شركة مدينة الأعمال الكويتية العقارية ش.م.ك

Jaber Ahmad Hussain Ghadhanfar
Chairman

The notes set out on pages 12 to 58 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	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Cumulative changes in fair value	Retained earnings	Sub-Total		
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 January 2024	57,512,773	(142,695)	-	952,751	952,751	(655,143)	(9,731,980)	2,890,713	51,779,170	5,650,947	57,430,117
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(207,618)	(207,618)
Purchase of treasury shares	-	(1,486,623)	-	-	-	-	-	-	(1,486,623)	-	(1,486,623)
Sale of treasury shares	-	108,102	31,773	-	-	-	-	-	139,875	-	139,875
Bonus shares distribution (note 25)	-	1,214,591	-	-	-	-	-	(1,214,591)	-	-	-
Total transactions with owners	-	(163,930)	31,773	-	-	-	-	(1,214,591)	(1,346,748)	(207,618)	(1,554,366)
Profit for the year	-	-	-	-	-	-	-	3,091,973	3,091,973	796,748	3,888,721
Other comprehensive loss for the year	-	-	-	-	-	(121,738)	(782,023)	-	(903,761)	(21,901)	(925,662)
Total comprehensive (loss) / income for the year	-	-	-	-	-	(121,738)	(782,023)	3,091,973	2,188,212	774,847	2,963,059
Transfer to reserves	-	-	-	322,470	322,470	-	-	(644,940)	-	-	-
Balance as at 31 December 2024	57,512,773	(306,625)	31,773	1,275,221	1,275,221	(776,881)	(10,514,003)	4,123,155	52,620,634	6,218,176	58,838,810

The notes set out on pages 12 to 58 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Equity attributable to owners of the Parent Company								Non-controlling interests	Total
	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Sub-total KD	KD	KD
Balance as at 1 January 2023	57,512,773	-	638,209	638,209	(1,146,483)	(12,518,190)	4,667,136	49,791,654	3,025,410	52,817,064
Cash dividend (note 25)	-	-	-	-	-	-	(2,875,638)	(2,875,638)	-	(2,875,638)
Purchase of treasury shares	-	(142,695)	-	-	-	-	-	(142,695)	-	(142,695)
Arising on disposal of subsidiary	-	-	-	-	-	-	-	-	881,685	881,685
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	1,453,053	1,453,053
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(170,072)	(170,072)
Total transactions with owners	-	(142,695)	-	-	-	-	(2,875,638)	(3,018,333)	2,164,666	(853,667)
Profit for the year	-	-	-	-	-	-	3,068,487	3,068,487	299,622	3,368,109
Other comprehensive loss for the year	-	-	-	-	491,340	1,446,022	-	1,937,362	162,884	2,100,246
Total comprehensive income for the year	-	-	-	-	491,340	1,446,022	3,068,487	5,005,849	462,506	5,468,355
Loss on financial assets at FVTOCI arising from disposal of subsidiary	-	-	-	-	-	1,340,188	(1,340,188)	-	(1,635)	(1,635)
Transfer to reserves	-	-	314,542	314,542	-	-	(629,084)	-	-	-
Balance as at 31 December 2023	57,512,773	(142,695)	952,751	952,751	(655,143)	(9,731,980)	2,890,713	51,779,170	5,650,947	57,430,117

The notes set out on pages 12 to 58 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
OPERATING ACTIVITIES			
Profit for the year from continuing operations		**3,888,721**	2,909,404
Profit for the year from discontinued operations		**-**	458,705
Adjustments for:			
Net gain from financial assets at fair value	8	**(1,434,504)**	(565,140)
Gain on sale of investment properties	16	**(237,709)**	-
Change in fair value of investment properties	16	**(801,226)**	(48,337)
Profit for the year from discontinued operations		**-**	(458,705)
Gain on sale of subsidiaries	7.2	**-**	(2,900,992)
Depreciation and amortisation		**14,360**	565,731
Goodwill written off	7.1	**15,517**	-
Property, plant and equipment written off		**83,782**	-
Share of results from associates & joint venture	15	**(1,793,414)**	-
Finance costs	9	**2,075,276**	1,358,151
Provision charge for employees' end of service benefits		**54,219**	115,842
		1,865,022	1,434,659
Changes in operating assets and liabilities:			
Inventories			441,577
Accounts receivable and other assets		**2,138,436**	254,998
Accounts payable and other liabilities		**(446,635)**	185,237
Employees' end of service benefits paid		**(140,557)**	(50,206)
Net cash from operating activities		**3,416,266**	2,266,265
INVESTING ACTIVITIES			
Net additions to property, plant and equipment		**(118,856)**	(490,975)
Additions to intangible assets		**-**	(75,205)
Purchase of financial assets at FVTPL		**(19,422,047)**	(826,952)
Proceeds from sale of financial assets at FVTPL		**8,508,277**	1,173,879
Purchase of financial assets at FVTOCI		**(33,833,410)**	(8,199,283)
Proceeds from sale of financial assets at FVTOCI		**19,628,769**	7,543,748
Purchase of subsidiaries	7.1	**(2,500,000)**	-
Proceeds from sale of subsidiaries		**-**	4,235,000
Investment in associate and joint venture		**(1,136,714)**	(3,767,412)
Proceeds from sale of associate		**185,372**	-
Purchases of investment properties	16	**(3,369,050)**	(5,491,878)
Proceeds from sale of investment properties	16	**2,650,000**	-
Dividends income received		**355,628**	301,010
Restricted cash and cash equivalents	11	**5,384,130**	(5,691,711)
Net cash used in investing activities		**(23,667,901)**	(11,289,779)

The notes set out on pages 12 to 58 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
FINANCING ACTIVITIES			
Purchase of treasury shares		(1,486,623)	(142,695)
Proceeds from sale of treasury shares		139,875	-
Due to banks		92,117	(341,037)
Reduction in share capital		(5,296)	(20,453)
Cash dividends paid		(12,599)	(3,052,534)
Lease liabilities paid		-	(391,016)
Dividend paid to non-controlling interests		(207,618)	-
Capital contribution by non-controlling interests		-	1,453,053
Proceeds from borrowings		35,930,000	22,059,431
Repayment of borrowings		(13,442,157)	(8,892,816)
Finance costs paid		(1,738,060)	(1,142,018)
Net cash from financing activities		19,269,639	9,529,915
(Decrease) / increase in cash and cash equivalents		(981,996)	506,401
Foreign currency adjustments		(1,200)	92,149
Cash and cash equivalents at beginning of the year	11	4,518,550	3,920,000
Cash and cash equivalents at end of the year	11	3,535,354	4,518,550
Material non-cash transactions:			
Right of use assets		-	(12,381)
Lease liabilities		-	12,381
Additions to property, plant and equipment		-	(1,330,000)
Transfer from investment properties		-	1,330,000
Investment in associate		-	(3,461,546)
Accounts receivables and other assets		-	(3,063,945)
Proceeds from sale of subsidiaries		-	6,525,491

Notes to the consolidated financial statements

1 Incorporation and activities

Kuwait Business Town Real Estate Company - KPSC (the "Parent Company") was incorporated in Kuwait in 1999 as a limited liability company and was registered as a closed shareholding company on 6 November 2004. The Parent Company's shares were listed in the Kuwait Stock Exchange on 16 December 2008. The Parent Company's registered office is at KBT Tower, 28th floor, Khalid Ebn Al Waleed Street, Kuwait.

The principal activities of the Parent Company are:

1. Owning, sale and purchase of real estate and lands and their development for the account of the Company inside and outside the State of Kuwait, as well as management of properties of others without violating the provision and laws stipulated in the existing laws and the prohibition of trade in private housing and plots as prescribed by these laws.

2 Own, sale and purchase of shares of shares and bonds of real estate entities only for the account of the company inside and outside the State of Kuwait.

3 Preparation of economic feasibility studies and providing consultancy in the real estate fields of all kinds, if only the required conditions are met by the parties that perform such services.

4 Owing, management, leasing and rental of hotels, health clubs and touristic facilities.

5 Carrying out maintenance works, of building and real estate owned by the company and others including maintenance works, execution of civil, mechanical, electrical, elevators and air conditioning works to ensure the protection and safety of buildings.

6 Managing, operating, investing in, renting and leasing hotels, clubs, motels, guest houses, parks, gardens, showrooms, restaurants, cafeterias, housing complexes, touristic and health resort, recreational and athletic projects and stores of all degrees and levels, inclusive of all main and auxiliary services, accompanying facilities and other necessary services.

7 Organizing exhibitions for the company's real estate projects according to the regulations applicable by the Ministry.

8 Holding real estate auctions according to the regulations applicable by the Ministry.

9 Owning and managing commercial malls and residential complexes.

10 Establishing and managing real estate funds (after the approval of Central Bank of Kuwait).

11 Investing surplus funds available with the company by investing in financial and real estate portfolios managed by specialized companies and entities.

12 Direct contribution to the development of infrastructure of areas and residential, commercial and industrial projects using Build-Operate-Transfer (BOT) system and management of real estate facilities through BOT system.

13 The company may have all interest in or participate in any manner with entity that carry on business activities similar to its own or which may assist the company in achieving its objects in Kuwait or abroad and it has the right to buy or affiliate with these bodies.

Notes to the consolidated financial statements (continued)

1 Incorporation and activities (continued)

The Group comprises the Parent Company and its subsidiaries (together referred to as "the Group"). Details of the subsidiaries are disclosed in Note 7.

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 27 March 2025. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements of the Group 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 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 "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").

4 Changes in accounting policies

4.1 New and amended IFRS Accounting Standards adopted by the Group

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

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Amendments - Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments - Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IFRS 16 Amendments - Lease liability in a sale and leaseback	1 January 2024

IAS 1 Amendments - Classification of liabilities with debt covenants

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

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

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

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

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

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

To meet the disclosure objectives, an entity is required to disclose in aggregate for its supplier finance arrangements:
- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

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

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

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

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective

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

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

Standard or Interpretation	*Effective for annual periods beginning*
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

IAS 21 Amendments – Lack of exchangeability

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

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective

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

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

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

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

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

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

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

5 Material accounting policies

The material accounting policies adopted in the preparation of the 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 and the non-controlling interests based on their respective ownership interests.

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

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

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.2 Business combinations (continued)

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.

5.4 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.

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

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable, if any, in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

5.4.1 Sale of goods

Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.4 Revenue (continued)

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

5.5 Interest and similar income
Interest and similar income are recognised on a time proportion basis using effective interest method.

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

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

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

5.9 Taxation

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

5.9.2 National Labour Support Tax (NLST)
NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit of the Group attributable to the shareholders of the parent company. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

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

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.10 Segment reporting

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

For management purposes, the Group uses the same measurement policies as those used in its 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.

5.11 Leases

The Group as a lessee

For any new contracts entered into on or after 1 January 2020, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

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

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

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

Measurement and recognition of leases as a lessee

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

Right-of-use asset

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

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

Lease liability

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

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.11 Leases (continued)

Lease liability (continued)
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.

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

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

5.12 Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its 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.

5.13 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 equipment up to the date of change in use.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.13 Investment properties (continued)

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

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

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

5.14 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Joint venture is an arrangement that the Group controls jointly with one or more other investor, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate and joint venture recognised at the date of acquisition is recognised as goodwill.

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

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

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.14 Investment in associates and joint ventures (continued)

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

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

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

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

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

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

5.15 Financial instruments

5.15.1 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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.15 Financial instruments (continued)

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

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

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

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

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

5.15.3 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:

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.15 Financial instruments (continued)

5.15.3 Subsequent measurement of financial assets (continued)

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

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, balances with banks and other financial institutions and short-term deposits due within three months which are subject to an insignificant risk of changes in value.

- ***Financial assets at FVTOCI***

The Group's financial assets at FVTOCI comprise quoted equity investments and debt instruments.

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 (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

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

A financial asset is held for trading if:

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

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

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

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

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.15 Financial instruments (continued)

5.15.3 Subsequent measurement of financial assets (continued)

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

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

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

Debt instruments at FVTOCI are subsequently measured at fair value and gains and losses arising due to changes in fair value are recognised in other comprehensive income. Interest income and foreign exchange gains or losses are recognised in the consolidated statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of profit or loss. The management of the Group classifies certain unquoted debt instruments under debt instruments 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 (see below). 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 of investment in equity shares which are both quoted and unquoted.

5.15.4 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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.15 Financial instruments (continued)

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

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

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

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.

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.

5.15.5 Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include accounts payable and other liabilities, borrowings 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. Accounts payable and other liabilities, due to banks and borrowings are classified as financial liabilities other than at FVTPL.

- *Accounts payable and other liabilities*

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

- *Borrowings*

(i) Term loan and due to banks

Term loan and due to banks 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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.15 Financial instruments (continued)

5.15.5 Classification and subsequent measurement of financial liabilities (continued)

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

(ii) Tawarruq payable and Murabaha payable
Tawarruq payable and Murabaha payable represents amounts payable on a deferred settlement basis for assets purchased under Tawarruq and Murabaha payable arrangements. Tawarruq payable and Murabaha payable 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.

5.15.6 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.

5.16 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.

5.17 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.

5.18 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.

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

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.19 Impairment testing of goodwill and non-financial assets (continued)
All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating 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.

5.20 Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued and paid up.

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

Cumulative changes in fair value comprises of gains and losses relating to financial assets at fair value through other comprehensive income.

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.

Retained earnings include all current and prior period retained profits and losses. 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 in a general assembly meeting.

5.21 Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been re-acquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares re-acquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not distributable. 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 statutory reserve. No cash dividends are paid on treasury shares which are directly held by the Parent Company. 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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.22 End of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date

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

5.23 Foreign currency translation

5.23.1 Functional and presentation currency

The consolidated financial statements are presented in currency 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.

5.23.2 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 consolidated statement of 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.

5.23.3 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 the consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

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.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.24 Provisions, contingent assets and contingent liabilities (continued)

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

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

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

5.25 Related party transactions

Related parties consist of directors, executive officers, their close family members and companies which they are principal owners. All related party transactions are approved by management.

5.26 Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. A discontinued operation represents a separate major line of the business. Profit or loss from discontinued operations comprises the profit or loss of discontinued operations and the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group constituting the discontinued operation.

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 (please see accounting policy for financial instruments sections). 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 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.

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 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.

6.1.5 Judgements in determining the timing of satisfaction of performance obligations
The determination of the whether or not performance obligation criterial 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.

6.2 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 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)

6.2.1 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.

6.2.2 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. Fair values are estimated by management with the assistance of valuation provided by external valuers who have used valuation techniques to arrive at these fair values.

Where 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). When the fair value becomes reliably measurable, the fair value of such properties may vary from the actual cost.

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 Impairment of associate and joint venture

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 associate and joint venture, at each reporting date based on existence of any objective evidence that the investment in the associate and joint venture 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 joint venture and its carrying value and recognises the amount in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

7 Subsidiary companies

7.1 Details of subsidiaries and the Group's ownership are set out below:

Name of subsidiary	Country of incorporation	Ownership percentage 31 Dec. 2024	31 Dec. 2023	Principal activities
United National Holding Company - KSC (Holding)	Kuwait	**99.80%**	99.80%	Investment
KBT Cayman Company Limited	Cayman Islands	**88%**	88%	Real estate
KBT Caribbean Company Limited	Cayman Islands	**100%**	100%	Real estate
KBT Luxembourg S.A.R.L (7.2 (a))	Luxembourg	**-**	100%	Real estate
Al-Mawared International Real Estate Co. – WLL (7.1.2)	Kuwait	**99%**	99%	Real estate and investment
KBT Jersey Limited	Jersey Chanel Islands	**77.08%**	77.08%	Real estate
Abraj Al Kuwait International Real Estate Co.- WLL (7.1.2)	Kuwait	**99%**	99%	Real estate and investment
110 West VB Inc.	USA	**70.6%**	70.6%	Real estate and investment
Masakeen National Real Estate Co.- WLL (7.1.2)	Kuwait	**99%**	99%	Real estate and investment
Mabanee International Real Estate Co.- WLL (7.1.2)	Kuwait	**99%**	99%	Real estate and investment
Al Safwah Real Estate Co.- WLL (7.1.2)	Kuwait	**99%**	99%	Real estate and investment
Awtad International Real Estate Co.- WLL (7.1.2)	Kuwait	**99%**	99%	Real estate and investment
Peti Petrik International Real Estate Co.- WLL (7.1.2)	Kuwait	**99%**	99%	Real estate and investment
Souroh International Real Estate Co (7.1.3)	Kuwait	**70%**	-	Real estate and investment
ProntoWash Kuwait for Washing and Lubricating Cars Co. – WLL (7.1.2 & 7.1.4)	Kuwait	**99%**	-	Services

7.1.1 The Group has consolidated all the subsidiaries based on either the financial statements or the management accounts as at and for the year ended 31 December 2024.

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

7.1.3 During the year, the Group established a new subsidiary in Kuwait, Souroh International Real Estate Co, - WLL, with an unpaid share capital of KD10,000 in which the Group owns 70% of the share capital. The subsidiary is engaged in real estate activities.

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.1.4 During the year, the Group acquired 100% ownership interest in ProntoWash Kuwait for Washing and Lubricating Cars Company – WLL from a related party for a total consideration of KD2,500,000. The Group's acquisition of the subsidiary resulted in goodwill of KD15,517 which has been written off in the consolidated statement of profit or loss. The provisional fair value of the net identifiable assets and liabilities as at date of acquisition of the investee are as follows:

	KD
Assets	
Investment properties	**2,395,000**
Plant and equipment	**89,483**
Total assets	**2,484,483**
Total liabilities	**-**
Net assets	**2,484,483**
Purchase consideration	**2,500,000**
Less: share of net assets acquired	**(2,484,483)**
Goodwill	**15,517**

The fair value of identifiable assets and liabilities acquired has been provisionally determined by management of the Group. The estimates referred to above are subject to revision within twelve months of the acquisition date.

7.2 *Disposal of subsidiaries and discontinued operations*

a) During the year, the Group completed the liquidation of its subsidiary KBT Luxembourg S.A.R.L.

b) During 2023, the Group sold 37.07% of the ownership of United Foodstuff Industries Group Co. - KSCC ("UFIG") and its entire ownership in a wholly owned subsidiary "Al-Massa Real Estate Co. - WLL" to related party and third party for an aggregate cash consideration of KD7,298,945. As a result, an aggregate gain of KD2,900,992 was recognised in the consolidated statement of profit or loss. Consequently, the Group reclassified its remaining interest of 41.2% in UFIG as an associate since management believes the Group has lost the power to control the investee.

7.3 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 allocated to NCI		Accumulated NCI	
	31 Dec. 2024 %	31 Dec. 2023 %	**31 Dec. 2024 KD**	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD
KBT Jersey Limited	**77.08%**	77.08%	**213,391**	248,643	**2,324,737**	2,318,605
110 West VB Inc.	**70.6%**	70.6%	**505,913**	-	**3,286,838**	2,767,655

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.3 Subsidiaries with material non-controlling interests

During the year, dividend of KD171,583 (31 December 2023: KD170,072) have been paid to the non-controlling interests of KBT Jersey Limited.

a) Summarised financial information for KBT Jersey Limited, before intragroup eliminations, is set out below:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Non-current assets	**22,077,508**	22,374,627
Current assets	**820,236**	691,797
Total assets	**22,897,744**	23,066,424
Non-current liabilities	**12,526,081**	12,719,202
Current liabilities	**227,357**	229,672
Total liabilities	**12,753,438**	12,948,874
Net assets	**10,144,306**	10,117,550

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Income	**1,538,907**	1,601,164
Expenses and other charges	**(607,745)**	(516,178)
Profit for the period	**931,162**	1,084,986
Net cash flow from operating activities	**1,225,007**	965,407
Net cash flow used in financing activities	**(1,093,798)**	(1,089,235)
Net cash flows	**131,209**	(123,828)

b) Summarized financial information for 110 West VB Inc., before intragroup eliminations, is set out below:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Non-current assets	**11,171,725**	9,407,061
Total assets	**11,171,725**	9,407,061
Net assets	**11,171,725**	9,407,061

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.3 Subsidiaries with material non-controlling interests (continued)

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Income	**1,719,562**	-
Profit for the period	**1,719,562**	-
Net cash flow used investing activities	-	(3,767,412)
Net cash flow from financing activities	-	3,767,412
Net cash flows	-	

8 Net gain from financial assets at fair value

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Financial assets at fair value through profit or loss:		
Change in fair value	**261,639**	(11,866)
Gain on sale	**546,785**	138,886
Dividend income	**177,112**	171,822
	985,536	298,842
Financial assets at fair value through other comprehensive income:		
Gain on sale	**270,451**	151,064
Dividend income	**178,517**	115,234
	448,968	266,298
	1,434,504	565,140

9 Finance costs

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
On financial liabilities at amortised cost:		
Borrowings	**1,812,115**	1,096,560
Due to banks	**263,161**	261,591
	2,075,276	1,358,151

Notes to the consolidated financial statements (continued)

10 Basic and diluted earnings per share attributable to the owners of the Parent company

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

	Year ended 31 Dec. 2024	Year ended 31 Dec. 2023
Profit for the year attributable to the owners of the Parent Company (KD)	**3,091,973**	3,068,487
Weighted average number of shares outstanding during the year (excluding treasury share)	**569,443,616**	575,109,479
Basic and diluted earnings per share	**5.43 Fils**	5.33 Fils

11 Cash and cash equivalents

	31 Dec. 2024 KD	31 Dec. 2023 KD
Cash and bank balances	**2,515,157**	1,922,813
Term deposits – 1 to 3 months	**958,150**	2,450,000
Cash in managed portfolios	**691,009**	6,158,829
Cash and cash equivalents for the consolidated statement of financial position	**4,164,316**	10,531,642
Less: pledged cash and cash equivalents (note 11.1)	**(628,962)**	(6,013,092)
Cash and cash equivalents for the consolidated statement of cash flows	**3,535,354**	4,518,550

11.1 Bank balances and cash in managed portfolios amounting to KD628,962 (31 December 2023: KD6,013,092) are pledged as collateral against certain borrowings (note 21).

12 Accounts receivable and other assets

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets		
Accounts receivable	**145,585**	563,181
Staff receivables	**3,200**	1,330
Due from related parties	**378,240**	508,960
Due from related party on sale of subsidiary (note 12.1)	**-**	3,063,945
Other assets	**1,101,447**	698,095
	1,628,472	4,835,511
Provision for doubtful debts	**(418,003)**	(392,938)
	1,210,469	4,442,573
Non-financial assets		
Advance payment to related party for purchase of investment (note 12.2)	**1,074,500**	-
Prepaid expenses	**23,499**	9,939
	1,097,999	9,939
	2,308,468	4,452,512

Notes to the consolidated financial statements (continued)

12 Accounts receivable and other assets (continued)

12.1 During the year, the balance due from related party on sale of subsidiary was received in full.

12.2 Advance payment on the purchase of an investment represents a payment made to a related party for the purpose of acquiring an additional interest in a subsidiary. As of the date of these consolidated financial statements, the acquisition transaction has not been completed.

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

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

	2024 KD	2023 KD
Balance at 1 January	**392,938**	1,336,819
Charge for the year	**23,904**	2,350
Arising from disposal of subsidiary	**-**	(946,600)
Foreign currency translation adjustments	**1,161**	369
Balance at 31 December	**418,003**	392,938

13 Financial assets at fair value through profit or loss

	31 Dec. 2024 KD	31 Dec. 2023 KD
Quoted equity securities	**501,469**	463,738
Unquoted equity securities	**13,407,521**	3,271,458
Managed portfolios	**2,777,400**	1,229,000
	16,686,390	4,964,196

13.1 Financial assets at FVTPL with carrying amount of KD9,999,358 (31 December 2023: KD921,750) are pledged against certain borrowings (note 21).

13.2 During the period, the Group sold to a related party financial assets at FVTPL for a total consideration of KD2,166,443. The sale transactions did not result in any gain or loss.

13.3 The hierarchy for determining and disclosing the fair values of financial instruments is presented in note 28.2.

14 Financial assets at fair value through other comprehensive income

	31 Dec. 2024 KD	31 Dec. 2023 KD
Quoted equity securities	**13,406,661**	12,110,895
Unquoted equity securities	**8,083,388**	1,541,549
Debt securities	**14,209,277**	8,351,033
	35,699,326	22,003,477

Notes to the consolidated financial statements (continued)

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

14.1 These financial assets are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these financial assets 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.

14.2 During the year, the Group sold to a related party financial assets at FVTOCI for total consideration of KD3,500,000. The sale transactions did not result in any gain or loss.

14.3 Debt securities represent investments in bonds/sukuk carrying annual interest/profit rate of 6.92% - 9.125% (31 December 2023: 4.5% - 8%).

14.4 Financial assets at fair value through other comprehensive income with an aggregate carrying value of KD34,115,938 (31 December 2023: KD8,274,243) are pledged against certain borrowings (note 21).

14.5 The hierarchy for determining and disclosing the fair values of financial instruments is presented in note 28.2.

15 Investment in associates and joint venture

	31 Dec. 2024 KD	31 Dec. 2023 KD
Investment in associates	**4,445,878**	3,461,546
Investment in joint venture	**11,171,725**	9,407,061
	15,617,603	12,868,607

15.1 The details of the investment in associates and joint venture are as follows:

	Country of incorporation	Ownership percentage		Principal activities
		31 Dec. 2024	31 Dec. 2023	
Investment in associates				
United Foodstuff Industries Group Co. - KSCC (15.1.1)	Kuwait	**41.2%**	41.2%	Consumer goods
KBTOWN SPAIN S.L. (15.1.2)	Spain	**48%**	-	Real estate
Investment in joint venture				
1061 West Van Buren Partners LLC	USA	**62%**	62%	Real estate

The associates and joint venture are not quoted.

15.1.1 The Group's investment in United Foodstuff Industries Group Co. - KSCC with a carrying value of KD 3,531,261, is pledged against certain borrowings (note 21).

Notes to the consolidated financial statements (continued)

15 Investment in associates and joint venture (continued)

15.1.2 During the year, the Group entered into an agreement with a related party for the purpose of investing in real estate located outside Kuwait. The Group's investment was equivalent to KD1,082,333 representing 57.92% ownership of the investee ("KBTOWN SPAIN S.L."). Subsequently, the Group sold 9.92% of its interest in the investee to the related party, reducing its ownership to 48%. The sale transaction did not result in any gain or loss. The Group classified this investment as an associate, as it is able to exercise significant influence but does not have control over the investee's operations.

15.2 The movement in associates and joint venture during the year is as follows:

	2024			2023
	Associates KD	Joint venture KD	Total KD	Total KD
Balance at 1 January	3,461,546	9,407,061	12,868,607	5,698,323
Additions / capital contributions (15.1.2)	1,137,892	-	1,137,892	7,228,958
Disposals	(185,372)	-	(185,372)	-
Share of results	73,853	1,719,561	1,793,414	-
Share of other comprehensive income	(4,138)	-	(4,138)	-
Impairment in value	-	-	-	(64,000)
Foreign currency translation adjustments	(37,903)	45,103	7,200	5,326
Balance at 31 December	4,445,878	11,171,725	15,617,603	12,868,607

Notes to the consolidated financial statements (continued)

15 Investment in associates and joint venture (continued)

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

	Associates				Joint Venture	
	United Foodstuff Industries Group Co. - KSCC		KBTOWN SPAIN S.L.		1061 West Van Buren Partners LLC	
	31 Dec. 2024 KD	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD
Summarised statement of financial position - 31 December						
Total assets	**10,779,351**	8,899,626	**1,905,452**	-	**42,826,377**	29,076,493
Total liabilities	**(8,034,905)**	(6,324,468)	**-**	-	**(24,963,941)**	(14,053,389)
Non-controlling interests	**(1,482,669)**	(1,482,669)	**-**	-	**-**	-
Equity attributable to the owners of the associate / joint venture	**4,227,115**	4,057,899	**1,905,452**	-	**17,862,436**	15,023,104
Group's ownership interest	**41.2%**	41.2%	**48%**	-	**62%**	62%
Group's share of net assets of the associate / joint venture	**1,741,514**	1,671,799	**914,617**	-	**11,171,725**	9,407,061
Goodwill	**1,789,747**	1,789,747	**-**	-	**-**	-
Carrying value of Group's ownership interest	**3,531,261**	3,461,546	**914,617**	-	**11,171,725**	9,407,061
Summarised statement of profit or loss – year ended 31 December						
Income for the year	**3,347,803**	3,332,841	**-**	-	**4,458,857**	-
Profit for the year	**179,332**	449,897	**-**	-	**2,773,323**	-
Total comprehensive income for the year	**169,288**	561,497	**-**	-	**2,773,323**	-

Notes to the consolidated financial statements (continued)

16 Investment properties

The movement in investment properties during the year is as follows:

	2024 KD	2023 KD
At 1 January	**39,633,117**	37,781,486
Additions	**3,369,049**	5,491,878
Arising on acquisition of a subsidiary (note 7.1.4)	**2,395,000**	-
Arising on disposal of subsidiaries	**-**	(3,725,915)
Transferred to property, plant and equipment	**-**	(1,330,000)
Disposals (note 16.2)	**(2,412,291)**	-
Change in fair value	**801,226**	48,337
Foreign currency translation adjustments	**(317,102)**	1,367,331
At 31 December	**43,468,999**	39,633,117

The Group's investment properties are located as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Kuwait	**9,557,000**	6,004,193
United Arab Emirates	**6,341,411**	6,276,848
United States of America	**5,493,080**	4,977,450
United Kingdom	**22,077,508**	22,374,626
	43,468,999	39,633,117

16.1 Investment properties with a carrying value of KD43,468,999 (31 December 2023: KD39,663,117) are mortgaged against borrowings and due to banks (note 21 and 22).

16.2 During the year, the Group sold an investment property with a carrying value of KD2,412,291 for a total consideration of KD2,650,000 which resulted into gain of KD237,709 recognised to the consolidated statement of profit or loss.

16.3 Note 28.3 sets out how the fair value of the investment properties has been determined.

17 Share capital

As of 31 December 2024 and 31 December 2023, the authorised, issued and fully paid-up share capital of the Parent Company comprised 575,127,726 shares of 100 fils each, all of which were paid in cash.

18 Treasury shares

	31 Dec. 2024	31 Dec. 2023
Number of shares	**2,315,000**	2,220,041
Percentage of issued shares	**0.40%**	0.39%
Market value (KD)	**185,432**	168,945
Cost (KD)	**306,625**	142,695

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

Notes to the consolidated financial statements (continued)

19 Reserves

Statutory reserve
In accordance with the Companies Law and the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, 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 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
The Parent Company's Memorandum of Incorporation and Articles of Association, as amended, require that certain percentage, 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, where this percentage will be proposed by the Board of Directors and approved by the General Assembly. This deduction shall be discontinued by a decision from the ordinary General Assemble based on the proposal of the Board of Directors.

No transfer is required to reserves in a year in which the Group has incurred a loss or where cumulative losses exist.

20 Accounts payable and other liabilities

	31 Dec. 2024 KD	31 Dec. 2023 KD
Accounts payable	**157,133**	256,613
Amount due to related party on purchase of investment properties	**168,000**	168,000
Amount due to non-controlling interests	**42,836**	42,836
Accrued expenses and provisions	**389,534**	630,110
Interest and dividend payable	**531,649**	475,609
Rental income received in advance	**326,603**	172,281
Due to shareholders on decrease of share capital	**53,298**	58,594
Other liabilities (note 20.1)	**739,240**	731,564
	2,408,293	2,535,607

20.1 Other liabilities include a provision for KFAS charged for the year amounting to KD25,076 (31 December 2023: KD13,461).

Notes to the consolidated financial statements (continued)

21 Borrowings

	31 Dec. 2024 KD	31 Dec. 2023 KD
Term loans (21.1)	**2,036,760**	9,311,201
Islamic financing - gross amount (21.2)	**52,410,218**	22,827,873
Less: deferred costs	**(1,340,893)**	(1,336,620)
	51,069,325	21,491,253
Total borrowing, net	**53,106,085**	30,802,454

The borrowings are due for repayment as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Within one year	**38,543,244**	16,055,402
Over one year	**14,562,841**	14,747,052
Total borrowing, net	**53,106,085**	30,802,454

21.1 Term loans represent the following:

a) Term loan obtained from a foreign financial institution of USD6,600,000 carrying an interest rate of 2.62% per annum is repayable in one instalment on 30 April 2030. The amount outstanding at the reporting date is KD2,036,760.

21.2 Islamic financing facilities represent the following:

a) Murabaha facility of GBP32.340 million obtained from a foreign bank, carrying a profit rate 2.71% per annum and is repayable on 14 July 2026. The amount outstanding at the reporting date is KD12,526,081.

b) Revolving murabaha facilities obtained from a local bank having a limit of KD40 million, carry an interest rate 1% - 1.25% per annum over CBK discount rate and repayable within one year of the reporting date. The amount outstanding at the reporting date is KD38,543,244.

Borrowings are secured by pledge of certain cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties and investment in associate (notes 11,13,14, 15 and 16) and mortgage of local quoted and unquoted securities owned by related parties.

22 Due to banks

Bank overdraft facility having a limit of USD12 million from a foreign bank carry annual interest rate of 2.5% above 1-month SOFR. The amount outstanding at the reporting date amounted to KD3,457,369. The facility is secured by first degree mortgage of certain investment properties (note 16) and assignment of rental income from these properties in favour of the bank. The facility agreement expired on 30 November 2024. However, as of the date of issuance of these consolidated financial statements, the Group is in the process of renewing the facilities agreement with the bank.

Notes to the consolidated financial statements (continued)

23 Reconciliation of liabilities arising from financing activities

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

	Lease liabilities KD	Borrowings KD	Due to banks KD	Total KD
Balance at 1 January 2024	-	**30,802,454**	**3,349,905**	**34,152,359**
Cash flows:				
• Repayment	-	**(13,442,157)**	**(171,049)**	**(13,613,206)**
• Proceeds	-	**35,930,000**	**263,166**	**36,193,166**
Non-cash items:				
• Foreign exchange differences	-	**(184,212)**	**15,347**	**(168,865)**
Balance 31 December 2024	-	**53,106,085**	**3,457,369**	**56,563,454**
Balance at 1 January 2023	827,300	20,176,742	3,949,239	24,953,281
Cash flows:				
• Repayment	(391,016)	(8,892,816)	(6,017,479)	(15,301,311)
• Proceeds	-	22,059,431	5,676,442	27,735,873
Non-cash items:				
• Net additions	12,381	-	-	12,381
• Finance costs charge for the year	24,491	-	-	24,491
• Foreign exchange differences	-	784,097	5,073	789,170
Arising on disposal of subsidiaries	(473,156)	(3,325,000)	(263,370)	(4,061,526)
Balance 31 December 2023	-	30,802,454	3,349,905	34,152,359

24 Related party transactions

Related parties represent the associates and joint venture companies, major shareholders, directors, entities under common control and key management personnel of the Group 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 Group's management.

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Balances in the consolidated statement of financial position:		
Accounts receivable and other assets	**1,452,740**	3,572,905
Accounts payable and other liabilities	**210,836**	210,836

During the year, the Group sold to a related party financial assets at FVTPL and FVTOCI for total consideration of KD2,166,443 and KD3,500,000, respectively. Further, during the year the Group sold partial interest in an associate to a related party for KD185,372 (note 15.1.2). The sale transactions did not result in any gain or loss.

Notes to the consolidated financial statements (continued)

24 Related party transactions (continued)

	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2023 KD
Transactions included in the consolidated statement of profit or loss:		
Dividend income	**73,643**	73,643
Gain on sale of subsidiaries	**-**	2,697,030
General and administrative expenses	**174,321**	140,297
Finance costs	**-**	8,836
Key management remunerations:		
Salaries and short-term benefits	**345,724**	336,977
Directors' remuneration (note 25)	**-**	21,000
Employees' end of service benefits	**36,887**	23,025
	382,611	381,002

25 Proposed dividends and annual general assembly

Subsequent to the date of the consolidated statement of financial position, the board of directors have proposed to distribute cash dividends of 3 Fils per share and bonus shares of 4% for the year ended 31 December 2024. This proposal are subject to the approval of the general assembly and the regulatory authorities.

The Annual General Assembly of shareholders held on 30 April 2024 approved the consolidated financial statements for the year ended 31 December 2023 and directors' proposal to distribute 3% bonus share from treasury shares for the shareholders of the Parent Company without an increase in share capital or increase in number of issued shares for the year ended 31 December 2023 (31 December 2022: cash dividend of 5 fils per share). Furthermore, the general assembly approved to distribute an amount of KD21,000 (2022: KD21,000) as directors' remuneration for the year ended 31 December 2023.

26 Segmental information

The Group is divided into operating segments for managing its various business activities. The Group operates mainly in Kuwait, United Arab Emirates, United States of America and Europe. For the purpose of analysing the major segments, the Group's management allocated its business and services into the following operating segments:

- Investing activities comprise participation in equity investments and managing the Group's liquidity requirements.
- Real estate activities comprise investment, managing real estate and construction or development of real estate for sale in the ordinary course of business and other related real estate services.
- Consumer goods comprise of operating bakeries and manufacturing, trading of food related items.

Notes to the consolidated financial statements (continued)

26 Segmental information (continued)

There are no inter-segmental transactions. The following segments are reported in a manner that is more consistent with internal reporting providing to the chief operating decision maker.

	Investment KD	Real estate KD	Consumer goods KD	Total KD
31 December 2024				
Segment income:				
From continuing operations	**4,671,184**	**3,981,004**	**-**	**8,652,188**
Segment results:				
From continuing operations	**4,382,339**	**(493,618)**	**-**	**3,888,721**
Total assets	**70,214,526**	**47,856,276**	**-**	**118,070,802**
Total liabilities	**122,256**	**59,109,736**	**-**	**59,231,992**
Net assets	**70,092,270**	**(11,253,460)**	**-**	**58,838,810**
31 December 2023				
Segment income:				
From continuing operations	4,143,420	2,353,156	-	6,496,576
From discontinued operations	-	-	3,396,841	3,396,841
	4,143,420	2,353,156	3,396,841	9,893,417
Segment results:				
From continuing operations	4,109,569	(1,200,165)	-	2,909,404
From discontinued operations	(64,000)	-	522,705	458,705
	4,045,569	(1,200,165)	522,705	3,368,109
Total assets	51,081,394	43,383,226	-	94,464,620
Total liabilities	73,663	36,960,840	-	37,034,503
Net assets	51,007,731	6,422,386	-	57,430,117

27 Risk management objectives and policies

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group has various financial assets such as accounts receivable and other assets, bank balances, managed portfolios and investment securities. The Group's principal financial liabilities comprise accounts payable and other liabilities, borrowings and due to banks. The main purpose of these financial liabilities is to raise finance for Group's operations.

Notes to the consolidated financial statements (continued)

27 Risk management objectives and policies (continued)

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

The Parent Company's Board of Directors is ultimately responsible to set out policies and strategies for management of risks.

The Group does not use derivative financial instruments.

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

27.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in the Gulf Cooperation Council (GCC), Europe and United States of America (USA) and is exposed to foreign currency risk arising from various foreign currency exposures. The Group's financial position can be significantly affected by the movement in these currencies.

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. The Groups' financial position can be significantly affected by the movement in these currencies.

The Group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the financial position date, translated into Kuwaiti Dinars at the closing rates are as follows:

	31 Dec. 2024 ***Equivalent*** **KD**	31 Dec. 2023 *Equivalent* KD
UAE Dirham	**163,327**	236,837
USD	**(4,242,263)**	1,077,931
GBP	**(11,709,855)**	(12,002,794)
EURO	**7,148**	107,749

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the KD against above foreign currencies. The sensitivity analysis includes only outstanding foreign currencies denominated monetary assets and liabilities and adjusts their translation at the yearend for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and a negative number indicates decrease in profit. There is no impact on the Group's other comprehensive income. 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.

	+5 % Impact	+5 % Impact	**-5 % Impact**	-5 % Impact
	31 Dec. 2024 KD	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD
Results for the year	**(789,082)**	(529,014)	**789,082**	529,014

Notes to the consolidated financial statements (continued)

27 Risk management objectives and policies (continued)

27.1 Market risk (continued)

a) Foreign currency risk (continued)

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 borrowings and due to banks.

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

	31 Dec. 2024		31 Dec. 2023	
	+ 1 % KD	**-1 % KD**	+ 1 % KD	-1 % KD
Results for the year	**565,635**	**(565,635)**	341,524	(341,524)

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 as at fair value through profit or loss and financial assets at fair value through other comprehensive income.

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

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

If equity prices had been 10% (2023: 10%) higher/lower, the effect on profit for the year and equity would have been as follows:

	Profit for the year		Equity	
	31 Dec. 2024 KD	31 Dec. 2023 KD	**31 Dec. 2024 KD**	31 Dec. 2023 KD
Financial assets at FVTPL	**±1,668,639**	±496,420	**-**	-
Financial assets at FVTOCI	**-**	-	**3,569,933**	±2,200,348

Notes to the consolidated financial statements (continued)

27 Risk management objectives and policies (continued)

27.2 Credit risk

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

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Cash and cash equivalents (note 11)	**4,164,316**	10,531,642
Accounts receivable and other assets (note 12)	**1,210,469**	4,442,573
Financial assets at fair value through other comprehensive income	**14,209,277**	8,351,033
	19,584,062	23,325,248

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. None of the above financial assets are past due nor impaired except account receivable and other asset. Management of the Group 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 cash and cash equivalents is considered negligible, since the counterparties are reputable financial institution with high credit quality.

27.3 Concentration of financial assets

The distribution of financial assets by geographic region for 2024 and 2023 is as follows:

	Kuwait KD	G.C.C. KD	USA and Europe KD	Total KD
At 31 December 2024				
Cash and cash equivalents	**2,774,481**	**357,156**	**1,032,679**	**4,164,316**
Financial assets at fair value through profit or loss	**16,160,083**	**25,422**	**500,885**	**16,686,390**
Financial assets at FVTOCI	**35,699,326**	**-**	**-**	**35,699,326**
Accounts receivable and other assets	**1,939,693**	**361,156**	**7,619**	**2,308,468**
	56,573,583	**743,734**	**1,541,183**	**58,858,500**
At 31 December 2023				
Cash and cash equivalents	8,987,193	295,643	1,248,806	10,531,642
Financial assets at fair value through profit or loss	3,394,540	25,311	1,544,345	4,964,196
Financial assets at FVTOCI	13,652,444	-	8,351,033	22,003,477
Accounts receivable and other assets	3,953,729	299,258	199,525	4,452,512
	29,987,906	620,212	11,343,709	41,951,827

Notes to the consolidated financial statements (continued)

27 Risk management objectives and policies (continued)

27.4 Liquidity risk

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

The table below summarises the maturity profile of the Group's assets and liabilities. Except for investments carried at fair value through profit or loss and fair value through other comprehensive income, the maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date.

The maturity profile for investments at fair value through profit or loss, investments at fair value through other comprehensive income and investment properties is determined based on management's estimate of liquidation of those investments.

The maturity profile of assets and liabilities are as follows:

	Within 1 year KD	Over 1 year KD	Total KD
31 December 2024			
Assets			
Cash and cash equivalents	4,164,316	-	4,164,316
Accounts receivable and other assets	2,091,302	217,166	2,308,468
Financial assets at FVTPL	16,686,390		16,686,390
Financial assets at FVTOCI	-	35,699,326	35,699,326
Investment in associates and joint venture	-	15,617,603	15,617,603
Investment properties	-	43,468,999	43,468,999
Property, plant and equipment	-	125,700	125,700
	22,942,008	95,128,794	118,070,802
Liabilities			
Provision for employees' end of service benefits	-	260,245	260,245
Accounts payable and other liabilities	2,327,576	80,717	2,408,293
Borrowings	38,543,244	14,562,841	53,106,085
Due to banks	3,457,369	-	3,457,369
	44,328,189	14,903,803	59,231,992

Notes to the consolidated financial statements (continued)

27 Risk management objectives and policies (continued)

27.4 Liquidity risk (continued)

	Within 1 year KD	Over 1 year KD	Total KD
31 December 2023			
Assets			
Cash and cash equivalents	10,531,642	-	10,531,642
Accounts receivable and other assets	4,340,407	112,105	4,452,512
Financial assets at fair value through profit or loss	4,964,196	-	4,964,196
Financial assets at FVTOCI	-	22,003,477	22,003,477
Investment in associate and joint venture	-	12,868,607	12,868,607
Investment properties	-	39,633,117	39,633,117
Property, plant and equipment	-	11,069	11,069
	19,836,245	74,628,375	94,464,620
Liabilities			
Provision for employees' end of service benefits	-	346,537	346,537
Accounts payable and other liabilities	2,471,824	63,783	2,535,607
Borrowings	16,055,402	14,747,052	30,802,454
Due to banks	3,349,905	-	3,349,905
	21,877,131	15,157,372	37,034,503

The contractual maturities of financial liabilities based on undiscounted cash flows are as follows:

	Up to 3 months KD	3-12 months KD	Over 1 year KD	Total KD
31 December 2024				
Financial liabilities:				
Provision for employees' end of service benefits	**-**	**-**	**260,245**	**260,245**
Accounts payable and other liabilities	**1,761,535**	**566,041**	**80,717**	**2,408,293**
Borrowings	**584,817**	**39,168,810**	**14,977,953**	**54,731,580**
Due to banks	**3,457,369**	**-**	**-**	**3,457,369**
	5,803,721	**39,734,851**	**15,318,915**	**60,857,487**
31 December 2023				
Financial liabilities:				
Provision for employees' end of service benefits	-	-	346,537	346,537
Accounts payable and other liabilities	1,934,117	537,707	63,783	2,535,607
Borrowings	319,286	17,013,260	15,561,808	32,894,354
Due to banks	3,349,905	-	-	3,349,905
	5,603,308	17,550,967	15,972,128	39,126,403

28 Fair value measurement

28.1 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.

Notes to the consolidated financial statements (continued)

28 Fair value measurement (continued)

28.1 Fair value hierarchy (continued)

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).

28.2 Fair value measurement of financial instruments

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets:		
At amortised cost:		
Cash and cash equivalents	**4,164,316**	10,531,642
Accounts receivable and other assets	**2,308,468**	4,452,512
At fair value:		
Financial assets at fair value through profit or loss	**16,686,390**	4,964,196
Financial assets at fair value through other comprehensive income	**35,699,326**	22,003,477
	58,858,500	41,951,827
Financial liabilities:		
At amortised cost:		
Provision for employees' end of service benefits	**260,245**	346,537
Accounts payable and other liabilities	**2,408,293**	2,535,607
Borrowings	**53,106,085**	30,802,454
Due to banks	**3,457,369**	3,349,905
	59,231,992	37,034,503

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

The financial assets 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:

Notes to the consolidated financial statements (continued)

28 Fair value measurement (continued)

28.2 Fair value measurement of financial instruments (continued)

31 December 2024

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through profit or loss:				
Quoted equity securities	501,469	-	-	501,469
Unquoted equity securities	-	9,073,558	4,333,963	13,407,521
Managed portfolios	-	2,777,400	-	2,777,400
Financial assets at fair value through other comprehensive income:				
Quoted equity securities	13,406,661	-	-	13,406,661
Unquoted equity securities	-	6,500,000	1,583,388	8,083,388
Debt securities	-	14,209,277	-	14,209,277
	13,908,130	32,560,235	5,917,351	52,385,716

31 December 2023

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through profit or loss:				
Quoted equity securities	463,738	-	-	463,738
Unquoted equity securities	-	-	3,271,458	3,271,458
Managed portfolios	-	1,229,000	-	1,229,000
Financial assets at fair value through other comprehensive income:				
Quoted equity securities	12,110,895	-	-	12,110,895
Unquoted equity securities	-	-	1,541,549	1,541,549
Debt securities	-	8,351,033	-	8,351,033
	12,574,633	9,580,033	4,813,007	26,967,673

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.

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.

Notes to the consolidated financial statements (continued)

28 Fair value measurement (continued)

28.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Opening balance	**4,813,007**	5,642,449
Additions	**1,046,245**	-
Disposals	-	-
Arising on disposal of subsidiaries	-	(799,043)
Gains or losses recognised in:		
- Consolidated statement of profit or loss and other comprehensive income	**58,099**	(30,399)
Closing balance	**5,917,351**	4,813,007

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%.

28.3 Fair value measurement of non-financial assets

The Group's non-financial assets measured at fair value consist of investment properties. All investment properties are categorised as level 3 under the fair value hierarchy on a recurring basis at 31 December 2024 and 2023.

The fair value of the investment 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.

The fair value of the investment properties have been determined based on 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.

Notes to the consolidated financial statements (continued)

28 Fair value measurement (continued)

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

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	Estimated rental stream approach	Monthly economic rental value	KD8,670 to KD128,070 (2023 KD12,580 to KD98,062)	Fair value increases if economic rental value increases, and vice versa.

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Opening balance	**39,633,117**	37,781,486
Additions	**3,369,049**	5,491,878
Arising on acquisition of a subsidiary (note 7.1.4)	**2,395,000**	-
Disposal (note 16.2)	**(2,650,000)**	-
Transferred to property, plant and equipment	**-**	(1,330,000)
Arising on disposal of subsidiaries	**-**	(3,725,915)
Gain or losses recognised in consolidated statement of profit or loss on:	**237,709**	
- Changes in fair value	**801,226**	48,337
- Foreign currency adjustments	**(317,102)**	1,367,331
Closing balance	**43,468,999**	39,633,117

29 Capital management

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

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back treasury shares, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt (total capital). The Group includes within net debt bank loans, less cash and cash equivalent. Capital includes equity attributable to the owners of the Parent Company.

Notes to the consolidated financial statements (continued)

29 Capital management (continued)

	31 Dec. 2024 KD	31 Dec. 2023 KD
Borrowings	**53,106,085**	30,802,454
Due to banks	**3,457,369**	3,349,905
Less: Cash and cash equivalents	**(4,164,316)**	(10,531,642)
Net debt	**52,399,138**	23,620,717
Equity	**58,838,810**	57,430,117
Total capital	**111,237,948**	81,050,834

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

	31 Dec. 2024	31 Dec. 2023
Net debt (KD)	**52,399,138**	23,620,717
Total capital (KD)	**111,237,948**	81,050,834
Gearing ratio	**47.11%**	29.14%

30 Comparative figures

Certain comparative figures have been reclassified to be consistent with the presentation of consolidated financial statements for the current year. This reclassification did not have any impact on the total assets, total equity and results for the comparative year.

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