Dar Al-Thuraya Real Estate Company K.S.C.P. and its subsidiaries
State of Kuwait

Consolidated Financial Statements and Independent Auditor's Report
For the year ended 31 December 2024

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For the year ended 31 December 2024

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DAR AL-THURAYA REAL ESTATE COMPANY K.S.C.P
STATE OF KUWAIT

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Dar Al-Thuraya Real Estate Company K.S.C.P. ("the Parent Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2024, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including information of material accounting policy information.

In our opinion, the 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 financial year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board ("IFRS Accounting Standards").

Basis of Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the above IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter
We draw attention to Note 1 to the consolidated financial statements, as the activity in the Articles of Association and Memorandum of Incorporation of the Parent Company has been amended.

Other Matter
The consolidated financial statements for the financial year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 28 March 2024.

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. We do not provide a separate opinion on these matters. Below we describe how our audit addressed the key audit matter mentioned below.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF DAR AL-THURAYA REAL ESTATE COMPANY K.S.C.P.
STATE OF KUWAIT

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Valuation of investment properties

Investment properties represent a significant portion of the Group's total assets. The fair value of the Group's investment properties was determined by external property valuers. The determination of fair value of investment properties is based on key inputs, such as rental value, maintenance status, market knowledge, and historical transactions, which, although not directly observable, are supported by observable market data. Disclosures relating to inputs are important due to the estimation uncertainty involved in these valuations.

Given the size of the investment properties valuation process, the estimates involved, and the importance of the disclosures related to the assumptions used in the valuation, we considered this a key audit matter.

Please refer to the following notes to the consolidated financial statements:

Note 5.4 and 7 – Investment properties;
Note 6 - Material accounting judgments and estimation uncertainty;

How our Audit Addressed such Matters

Our audit procedures include several procedures, including the following:

- We considered the methodology and appropriateness of the valuation models and inputs used in the valuation of investment properties.
- We tested the inputs and assumptions made by the Group's management and the appropriateness of the property-related data that supports the external valuers' valuations.
- We have implemented procedures for risk aspects and estimates. This included, where appropriate, comparing the judgments made with current market practice and verifying valuations on a sample basis based on evidence of comparable market transactions and other publicly available information about the real estate sector.
- We evaluated the sensitivity analysis performed by management to determine the impact of reasonably possible changes in key assumptions on the fair value of investment properties.
- Furthermore, we took into consideration the objectivity, independence and competence of external valuers.
- We also assessed the adequacy of the disclosures relating to the Group's investment properties contained in Note 7 to the consolidated financial statements.

Other Information

Management is responsible for the other information. Other information consists of the information included in the Group’s annual report for the financial year ended 31 December 2024, and does not include the consolidated financial statements and our auditors’ report thereon. The Group's annual report for the financial year ended 31 December 2024 is expected to be made available to us after the date of our auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, when available, 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 in our report. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF DAR AL-THURAYA REAL ESTATE COMPANY K.S.C.P.
STATE OF KUWAIT

Report on the Audit of the Consolidated Financial Statements (continued)

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), 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 be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than those 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF DAR AL-THURAYA REAL ESTATE COMPANY K.S.C.P.
STATE OF KUWAIT

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (*continued*)

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

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

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

Report on Other Legal and Regulatory Requirements

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, Law No. 7 of 2010 regarding Establishment of Capital Markets Authority and Organization of Security Activity 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, except for the Group's violation of Article (1-14) of Module Twelve (Listing Rules) and Article (1-3-3) of Module Ten (Disclosure and Transparency) of the Executive Regulations of Law No. 7 of 2010 regarding establishment of Capital Markets Authority and organization of Security Activity and its Executive Regulations, as amended, no violations of the Companies' Law No. 1 of 2016 and its Executive Regulations, as amended, Law No. 7 of 2010 regarding Establishment of Capital Markets Authority and organization of Security Activity and its Executive Regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2024 that might have had a material effect on the business or the consolidated financial position of the Group.

Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 27 March 2025

Dar Al-Thuraya Real Estate Company K.S.C.P. and its subsidiaries
State of Kuwait

Consolidated Statement of Financial Position
As at 31 December 2024

	Notes	2024 KD	2023 KD
ASSETS			
Non-current assets			
Investment properties	7	21,989,000	16,994,000
Current assets			
Trade receivables and other debit balances	8	71,445	58,931
Financial assets at fair value through profit or loss ("FVPL")	9	809,084	752,389
Bank balances		64,888	142,007
		945,417	953,327
Investment property held for sale	7	-	2,978,000
		945,417	3,931,327
Total assets		22,934,417	20,925,327
EQUITY AND LIABILITIES			
Equity			
Share capital	10	14,650,000	14,650,000
Statutory reserve	11	1,234,472	992,400
Voluntary reserve	12	866,845	866,845
Retained earnings		3,173,419	1,077,235
Total equity		19,924,736	17,586,480
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	13	11,520	23,720
Current liabilities			
Due to related parties	14	2,029,699	3,192,781
Ijara with promise to purchase	15	810,643	-
Other liabilities	16	157,819	122,346
		2,998,161	3,315,127
Total liabilities		3,009,681	3,338,847
Total equity and liabilities		22,934,417	20,925,327

The notes on pages 9 to 37 form an integral part of these consolidated financial statements.

Ahmad Abdurazzaq Albahar
Vice chairman

Dar Al-Thuraya Real Estate Company K.S.C.P. and its subsidiaries
State of Kuwait

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
Revenues			
Revenue from contracts with customers		6,000	13,200
Cost of sales		(5,700)	(12,850)
Gross profit		300	350
Net rental income	17	416,456	469,885
Change in fair value of investment properties	7	2,001,400	58,000
Changes in fair value of financial assets at fair value through profit or loss		286,913	(47,907)
Realized (loss) / gain on sale of financial assets at fair value through profit or loss		(3,488)	12,876
Dividend income		23,855	18,079
Consultancy revenues		-	19,500
Other income		1,146	1,508
Write back of provision for expected credit losses	8	1,595	245
		2,728,177	532,536
Expenses and other charges			
General and administrative expenses		(255,270)	(150,452)
Finance costs		(52,190)	(52,507)
		(307,460)	(202,959)
Profit for the year before KFAS, NLST and Zakat		2,420,717	329,577
KFAS	16	(21,786)	(2,966)
NLST		(60,173)	(8,224)
Zakat		(502)	-
Profit for the year		2,338,256	318,387
Other comprehensive income		-	-
Total comprehensive income for the year		2,338,256	318,387
Basic and diluted earnings per share (fils)	18	15.96	2.17

The notes on pages 9 to 37 form an integral part of these consolidated financial statements.

Dar Al-Thuraya Real Estate Company K.S.C.P. and its subsidiaries
State of Kuwait

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total equity
	KD	KD	KD	KD	KD
At 1 January 2023	14,650,000	959,442	866,845	791,806	17,268,093
Total comprehensive income for the year	-	-	-	318,387	318,387
Transferred to reserves	-	32,958	-	(32,958)	-
At 31 December 2023	14,650,000	992,400	866,845	1,077,235	17,586,480
At 1 January 2024	14,650,000	992,400	866,845	1,077,235	17,586,480
Total comprehensive income for the year	-	-	-	2,338,256	2,338,256
Transferred to reserves	-	242,072	-	(242,072)	-
At 31 December 2024	14,650,000	1,234,472	866,845	3,173,419	19,924,736

The notes on pages 9 to 37 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
Operating activities:			
Profit for the year before KFAS, NLST and Zakat		2,420,717	329,577
Adjustments for:			
Dividend income		(23,855)	(18,079)
Changes in fair value of financial assets at fair value through profit or loss		(286,913)	47,907
Realized loss / (gain) on sale of financial assets at fair value through profit or loss		3,488	(12,876)
Change in fair value of investment properties	7	(2,001,400)	(58,000)
Write back of provision for expected credit losses	8	(1,595)	(245)
Provision for employees' end of service benefits	13	5,300	6,388
Finance costs		52,190	52,507
		167,932	347,179
Changes in working capital:			
Trade receivables and other debit balances		(10,919)	(19,655)
Due to related parties		(181,736)	-
Other liabilities		(1,534)	(282,445)
Net cash flows (used in) / generated from operations		(26,257)	45,079
Employees' end of service benefits paid	13	(17,500)	(7,000)
KFAS paid	16	(7,339)	(8,463)
NLST paid		(25,995)	(10,478)
ZAKAT paid		(12,120)	(5,235)
Net cash flows (used in) / generated from operating activities		(89,211)	13,903
Investing activities			
Dividend income received		23,855	18,079
Additions to investment properties	7	(15,600)	-
Additions of financial assets at fair value through profit or loss ("FVPL")		-	(60,177)
Proceeds from sale of financial assets at fair value through profit or loss ("FVPL")		226,730	164,351
Net cash flows generated from investing activities		234,985	122,253
Financing activities			
Due to related parties		(61,200)	(71,400)
Ijara with promise to purchase		(101,931)	-
Finance costs paid		(59,762)	(43,860)
Net cash flows used in financing activities		(222,893)	(115,260)
Net (decrease) / increase in bank balances		(77,119)	20,896
Cash and bank balances at the beginning of the year		142,007	121,111
Bank balance at the end of the year		64,888	142,007

The Group has the following non-cash transaction during the year which is not reflected in the consolidated statement of cash flow.

Non-cash transactions:

Adjustment of due to related parties with Ijara contract with a promise to purchase	912,574	-

The notes on pages 9 to 37 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Dar Al-Thuraya Real Estate Company K.S.C.P (the "Parent Company") was established on 30 May 2004 in accordance with the provisions of the Kuwaiti Companies Law, and was registered in the Commercial Register on 5 June 2004 under registration number 101003.

On 17 October 2024, the Extraordinary General Assembly approved amending the activity in the Articles of Association and Memorandum of Incorporation of the Parent Company, and these changes were noterized in the Commercial Register on 6 November 2024.

The Parent Company's activities are as follows
- Buying and selling land and real estates.
- Sale and purchase of real estate and land for the Parent Company's account only.
- Management and leasing of owned or leased properties.
- Management and leasing of owned or leased properties (residential).
- Management and leasing of owned or leased properties (non-residential).
- Owning properties and movables for the Parent Company's account.
- Management of third party properties.
- Management and development of lands and real estate properties.
- Selling and buying shares and bonds for the Parent Company's account.
- Real estate consulting.
- Managing and organizing exhibitions and conferences.

The Group may have shares or participate in any appropriate manner in companies that carry out similar business activities or those that may assist it in achieving its objectives inside or outside the State of Kuwait. It may also purchase or acquire these companies.

The Parent Company's shares were listed on Boursa Kuwait on 18 August 2009.

According to the Extraordinary General Assembly meeting held on 17 October 2024, the company's Articles of Association and Memorandum of Incorporation were amended, including the removal of the restriction requiring the Parent Company to conduct its activities and operations in accordance with Islamic Sharia principles and standards. These changes were noterized in the commercial register on 6 November 2024.

The head office of the Parent Company is located in Al Qibla area - Block 11 - Ali Al Salem Street - Building No. 21 "Al Faris Commercial Tower" - Mezzanine Floor - P.O. Box 1376, Safat 13014, State of Kuwait.

The Parent Company is a subsidiary of Al Madar Kuwait Holding Company K.S.C.P. (Formerly, Al Madar Investment Company K.S.C.P.) (the "Direct Parent Company"), a public shareholding company listed in Boursa Kuwait. The Direct Parent Company is a subsidiary of Al Thekair General Trading and Contracting Company W.L.L. (the "Ultimate Parent Company"), a limited liability company incorporated and domiciled in the State of Kuwait.

The Group's consolidated financial statements for the financial year ended 31 December 2024 were authorized for issue in accordance with the resolution of the Parent Company's Board of Directors dated 27 March 2025. Also, shareholders have the right to amend the consolidated financial statements at the Annual General Assembly Meeting.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss which are measured at fair value.

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

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Accounting Standards issued by IASB ("International Financial Reporting Accounting Standards"), and requirements of Companies' Law No. 1 of 2016 and its Executive Regulations, as amended ("Companies' Law").

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards, requires the use of certain material accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's material accounting policies. The areas of material accounting judgments and estimation uncertainty made in preparing the consolidated financial statements and their effect are disclosed in Note 6.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

a) New standards, interpretations and amendments effective from 1 January 2024

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the financial year ended 31 December 2023, except for the application of new and amended standards commencing on or after 1 January 2024 (unless otherwise stated), which are as follows:

Amendments to IFRS 16: Lease Liability in a sale and leaseback
The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no material impact on the Group's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify that:
- What is meant by a right to defer payment.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not affect its classification. In addition, requirements have been introduced requiring an entity is required to provide disclosure when the liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is conditional on compliance with future agreements within twelve months.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

b) New standards, interpretations and amendments issued but not yet effective

The amendments had no material impact on the Group's consolidated financial statements.

Amendments to IAS (7) and IFRS (7) - Supplier financing arrangements
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to help users of financial statements understand the effects of supplier financing arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk.

The amendments require entities to provide certain specific disclosures (both qualitative and quantitative) related to supplier financing arrangements. The amendments also provide guidance on the characteristics of supplier financing arrangements.

The International Accounting Standards Board ("IASB") has issued a number of standards, amendments to standards and interpretations that are effective in future accounting periods and which the Group has decided not to apply early.

Amendments to IAS (21) - Lack of Exchangeability
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendment becomes effective for annual periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, the entity cannot restate comparative information.

These amendments are not expected to have any material impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. In addition, entities must classify all revenues and expenses in the statement of other comprehensive income into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18 and the amendments to the other standards are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all the effects that the amendments may have on the consolidated financial statements and the notes to the consolidated financial statements.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

b) New standards, interpretations and amendments issued but not yet effective (Continued)

Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures
On May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 relating to:

a. clarifying the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
b. clarifying and adding further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.
c. Adding new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), and
d. updating the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments will apply to the annual reporting periods starting on or after 1 January 2026.

The Group is currently working to identify all the effects that the amendments may have on the consolidated financial statements and the notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to choose to apply its reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, the Company must, at the end of the reporting period, be a subsidiary as defined in IFRS 10, not be subject to public accountability, and be a parent company (ultimate or direct) that prepares consolidated financial statements that are available for public use and comply with IFRS. IFRS 19 will be effective for financial reporting periods beginning on or after 1 January 2027 with early application permitted.

The Group does not expect IFRS 19 to apply to it.

5. MATERIAL ACCOUNTING POLICY INFORMATION

5.1. Classification of assets and liabilities to current and non-current

The Group presents the assets and liabilities in the consolidated statement of financial position based on their classification to current and non-current. An asset is current when it is:

- Expected to be recognized, intended to be sold, or depreciated within the normal operational cycle.
- Principally held for trading.
- Expected to be recognized within twelve months subsequent to the date of the consolidated financial statements, or
- Bank balances unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.1. Classification of assets and liabilities to current and non-current (Continued)

All other assets are classified as non-current.

A liability is current when:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading.
- Expected to be paid within twelve months following the consolidated financial statements date, or
- There is no conditional right for postponing settlement of the liability for a period of at least twelve months after the consolidated financial statements date.

All other liabilities are classified by the Group as non-current.

5.2. Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities (including structured entities) controlled by the Parent Company and its subsidiary.

Control is achieved when the Parent Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns. De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Parent Company considers all relevant facts and circumstances, including:

- The size of the Parent Company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the Parent Company and by other parties
- Other contractual arrangements.
- Historic patterns in voting attendance.

The Parent Company revaluates whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses control over the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent Company gains control until the date when Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of subsidiary is attributed to the Parent Company's owners and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their material accounting policies into line with the Group's material accounting policy.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.2. Basis of consolidation (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary: It derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised. Any investment retained is recognized at fair value.

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as follows:

Name	Principal activities	Country of incorporation	Voting rights and equity interest percentage 2024	2023
Thuraya Star Company W.L.L.	General trading and contracting	State of Kuwait	100%	100%
Kuwait Building Real Estate Company K.S.C. (Closed)	Real estate	State of Kuwait	100%	99%
Golden Madar Real Estate Company W.L.L.	Real estate	State of Kuwait	100%	100%
*Wafer Company for Food Supplies W.L.L.	Catering of foodstuffs	State of Kuwait	100%	100%
*Shrimz Restaurant Company W.L.L.	Restaurants and catering services	State of Kuwait	100%	100%
*Local Brokerage Company for General Trading W.L.L.	Wholesale and retail trade	State of Kuwait	100%	100%

*Such companies represent existing commercial licenses without operational activities.

5.3. Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS as issued by ISAB.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.3. Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the amount of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree if any, the excess is recognised immediately in consolidated statement of comprehensive income as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS as issued by IASB.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other consolidated comprehensive income are reclassified to consolidated statement of income where such treatment would be appropriate if that interest were disposed of.

5.4. Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment properties also include property that is being constructed or developed for future use as investment properties.

Investment properties are measured initially at its cost, including related transaction costs and borrowing costs, where required. Subsequent to initial recognition, investment properties are remeasured at fair value.

The fair value of investment properties reflect, among other matters, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the investment properties’ carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the consolidated statement of comprehensive income.

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. Gains or losses arising on the retirement or disposal of investment properties are recognised in the consolidated statement of comprehensive income.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.5. Impairment of non-financial assets

At each consolidated financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, the Company's assets are also allocated to individual cash-generating units, and otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of comprehensive income.

5.6. Financial instruments

The Group classifies its financial instruments as financial assets and financial liabilities. Financial assets and liabilities are recognized when the Group becomes a party of the contractual provisions of such instruments.

Financial assets and liabilities included in the consolidated statement of financial position include trade receivables and other debit balances (excluding prepaid expenses), financial assets at fair value through profit or loss, bank balances, due to related parties, Ijara with promise to purchase and other liabilities.

Financial assets:

Initial recognition, subsequent measurement and derecognition
To determine the classification and measurement category of financial assets, IFRS requires assessment of all financial assets, except for equity instruments and derivatives, based on the Group's business model for managing the Group's assets and the contractual cash flows characteristics of these instruments.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.6. Financial instruments (continued)

Financial assets (continued)

The Group determines its business model at the level that best reflects how it manages its financial assets to achieve its business objectives and in order to generate contractual cash flows. Whether the Group's sole objective is to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of sell business model and measured at fair value through profit or loss. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Initial recognition, subsequent measurement and derecognition
Purchases and sales of the financial assets are recognized on the trade date i.e. the date on which the Group commits to purchase or sell the asset. The financial assets are initially recognized at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss.

Classification of financial assets
Financial assets are classified in the consolidated financial statements into the following categories upon initial recognition:
- Financial assets at amortised cost.
- Financial assets at fair value through profit or loss.

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

Financial assets carried at amortised cost
A financial asset is measured at amortised cost if both of the following conditions are met and is not designated at fair value through profit or loss:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest rate method adjusted by impairment losses, if any. Profits and losses are recognized in the consolidated statement of comprehensive income when the asset is derecognised, adjusted or impaired.

The financial assets at amortized cost include trade receivables and other debit balances (excluding prepaid expenses) and bank balances.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.6. Financial instruments (Continued)

Financial assets (continued)

Trade receivables and other debit balances (excluding prepaid expenses)
Trade receivables are amounts due from customers for sale of goods or leasing units or rendering services in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

Receivables, which are not categorized under any of the above, are classified as “other debit balances”.

Bank balances
Balances with banks include current bank accounts, which are exposed to insignificant risks in terms of changes in value.

Effective interest rate method
The effective interest rate method (“EIR”) is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial Assets carried at fair value through profit or loss
The Group classifies the financial assets as held for trading primarily when purchased or issued in order to achieve short-term profits through trading activities or when they form a part of a financial instruments portfolio that are managed together, there is an evidence for emerging a new pattern to achieve short-term profits. Assets held for trading are recognized and measured at fair value in the consolidated statement of financial position.

Profits or losses on the change in fair value, profits or losses on sale and dividends are recognized in the consolidated statement of comprehensive income under the contract conditions or when the right to receive the profits amount is established.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses for financial assets measured at amortized cost.

Model “ECLs” is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. Then the difference will be approximately deducted based on the effective interest rate of the asset.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit losses). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit losses).

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.6. Financial instruments (Continued)

Financial assets (continued)

Impairment of financial assets (continued)
For trade receivables and other debit balances (excluding prepaid expenses), the Group applied the standard's simplified approach and calculated ECLs on the basis of ECLs over their estimated useful lives. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment which include forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECL represents ECL that results from possible default events within the 12-month period after the reporting date (a shorter period if the expected life of the instrument is less than 12 months).

The maximum period to be taken into account when estimating expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortised cost are deducted from the total carrying amount of the assets and charged to the consolidated statement of comprehensive income.

Derecognition of financial assets
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.6. Financial instruments (Continued)

Financial liabilities

All financial liabilities within IFRS 9 are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include due to related parties, Ijara with promise to purchase and other liabilities.

Ijara with promise to purchase
After initial recognition, a profit-bearing Ijara with promise to purchase is subsequently measured at amortized cost using the effective yield rate method. Profits or losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the effective yield rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective yield rate. Amortization of effective yield rate is recognized as interest income in the consolidated statement of comprehensive income.

Other liabilities
Other liabilities represent the obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other credit liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Other liabilities are classified as current liabilities if they are due within one year or less (or in the ordinary course of business, whichever is the longest). If not, they are presented as non-current liabilities.

Derecognition of financial liabilities
A financial liability is derecognized 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. Exchange or modification is treated as derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amount is recognized in consolidated statement of comprehensive income.

5.7. Offset 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 recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.8. Employees' end of service benefits

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

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. The Group's obligations are limited to these contributions, which are expensed when due.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.9. Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.10. Contingent assets and contingent liabilities

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.

5.11. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other lease contracts are classified as operating leases.

The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the lease term. Finance lease income is allocated to accounting periods so as to reflect a constant periodic interest rate on the Group's net investment outstanding in respect of the leases.

The Group as a lessee
Assets held under finance leases are initially recognised as assets in the consolidated statement of financial position at the current value estimated for the minimum of amounts paid for lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

5.12. Foreign currency translation

Functional and presentation currency
The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also the functional and presentation 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.

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 the consolidated statement of comprehensive income. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.13. Revenue recognition

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:

- Identifying the contract with a customer.
- Identifying the performance obligations.
- Determine the transaction price
- Allocating the transaction price to the performance obligations.
- Recognising revenue when/as performance obligation(s) are satisfied.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies method of accounting for the additional costs to obtain the contract and the costs that are directly attributable to the contract execution. The standard also requires comprehensive disclosures.

Under IFRS 15, 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 shall transfer control of goods or services over a period of time (and not at a specific time) upon fulfillment of any of the following criteria:

- The customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs.
- The Group’s performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group’s performance does not establish an asset that has an alternative usage to the Entity. The Entity has enforceable right in payments against the completed performance to date.

Control shall be transferred at a point in time if any of the criteria required for transferring goods or service is not met over time. Revenue is recognized at a point in time when the Group satisfies performance obligations by transferring control of the agreed goods or services to its customers.

The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group shall have immediate right in payments against the goods or services.
- The customer shall have a legal right in the goods or services.
- The Group shall transfer the physical possession of the goods or services.
- The customer shall have the significant risks and benefits of ownership of the goods or services.
- The customer has accepted the goods or services.

Group’s revenue streams are recognised as follows:

Rental income
Rental income is recognised on a straight line basis in accordance with the substance of the relevant agreements.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.13. Revenue recognition (Continued)

Service revenue
Service revenue is recognized when the services are performed and completed for clients.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Dividend income
Dividend income is recognised when the right to receive payments is established.

Revenue from sale of properties
Revenue from sale of properties is recognized in the period in which control of the asset is transferred to the customer, generally upon delivery of the asset.

Other revenues
Other income is recognized on an accrual basis.

5.14. Finance costs

Finance costs, which are not directly related to purchasing, investing or producing the qualified asset, are recognised in the consolidated statement of comprehensive income using the effective interest method in the period in which they are incurred.

5.15. Contribution to Kuwait Foundation for the Advancement of Sciences and Zakat

Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat represent levies/taxes imposed on the Parent Company at fixed percentage of profit for the year less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent levies/taxes regulations, no carry forward of losses is permitted and there are no significant differences between the levies/taxes bases of assets and liabilities and their carrying amounts for financial statements purposes.

Tax/statutory levy	Percentage
Contribution to Kuwait Foundation for the Advancement of Sciences	1.0% of net profit less permitted deductions
Contribution to Zakat	1.0% of net profit less permitted deductions

5.16. National Labour Support Tax

The Group calculates National Labour Support Tax ("NLST") in accordance with the Ministry of Finance resolution No.19 of 2000. The National Labor Support Tax is imposed at a rate of 2.5% of net profit, less permitted deductions.

6. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimations and assumptions are based on the management's pervious experiences and other relevant factors. Actual results may vary from these estimations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recorded in the periods in which the review and adjustment of the estimates are made if the adjustment related to this particular period. Adjustments are recorded in the review period and future periods if these adjustments to estimates will impact the current period and future financial periods.

Material accounting judgements

In the process of applying the Group’s material accounting policies, management has made the following material judgments, which have significant effect on the amounts recognised in the consolidated financial statements:

Classification of properties
The Group decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

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

The Group classifies property as property under development if it is acquired with the intention of development. The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

The Group classifies properties as properties and equipment if they are purchased to be used in production, services, renting for others or for administrative purposes, and are expected to be used during more than one year.

Classification of financial instruments
On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss”, "at fair value through other comprehensive income" or “at amortised cost”. IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group’s business model for managing the assets of the instrument’s contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets as stated in Note No. 5.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial position date, that have a significant risk of causing a material adjustment to the accounts of assets and liabilities within the next year consolidated financial statements are discussed below:

6. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Provision for ECLs of trade receivables and other debit balances (excluding prepaid expenses)
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates.

The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product, stock market capitalization) are expected to deteriorate over the next year which can lead to an increased number of defaults in the brokerage sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information on the ECLs of the Group's trade receivables is disclosed in Note 20.2.

Valuation of investment properties
The Group records its investment properties at fair value where changes in the fair value are recognized in the consolidated statement of comprehensive income, three basic methods are used for determining the fair value of the investment properties:

a) Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.

b) Income capitalization: Through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected interest rate from the property as per market inputs, which is known as capitalization rate.

c) Comparative analysis: which base on estimations made by an independent real estate assessor by reference to new actual deals done among other parties for similar properties in location and condition and relying on expertise of such independent real estate assessor.

7. INVESTMENT PROPERTIES

	2024	2023
	KD	KD
As at 1 January	16,994,000	17,019,000
Additions	15,600	-
Change in fair value	2,001,400	58,000
Transferred to investment property held for sale	-	(83,000)
*Reclassified investment property	2,978,000	-
	21,989,000	16,994,000
*Investment property held for sale	-	2,978,000
As at 31 December	21,989,000	19,972,000

*During the financial year ended 31 December 2024, one of the subsidiaries cancelled a preliminary contract concluded with an external party for the purpose of selling an investment property in the State of Kuwait. On 11 June 2024, the contract was cancelled due to the external party's inability to fulfill its obligations. Accordingly, the investment property was reclassified.

The Group's investment property portfolio consists of the following:

	2024	2023
	KD	KD
Properties under development	12,892,000	10,850,000
Developed properties	9,097,000	9,122,000
	21,989,000	19,972,000

The following is the geographic concentration of relevant investment properties:

	2024	2023
	KD	KD
State of Kuwait	21,989,000	19,972,000

Investment properties include a developed property in the State of Kuwait registered with one of the subsidiaries of the Parent Company with a book value of KD 1,603,000 (31 December 2023: KD 1,575,000), which was recorded in the books according to Ijara contract with promise to purchase that was concluded between the subsidiary and a local bank during the financial year ended 31 December 2024 and is due for repayment on 18 August 2025. The property was previously registered under Ijara contract with promise to purchase agreement between a related party ("one of the major shareholders of the Ultimate Parent Company") and the local bank (Note 14, 15).

7. INVESTMENT PROPERTIES (CONTINUED)

The fair value of investment properties has been determined based on valuations carried out by independent, accredited valuers who have recognized and relevant professional qualifications and recent experience in the locations and categories of investment properties being valued. In accordance with the requirements of the Capital Markets Authority, the Group has chosen the lower of the two valuations. Fair value is determined based on a combination of the income capitalization method and the market comparison method, taking into account the nature and use of each property. The fair value is estimated using the income capitalization method within Level 3 of the fair value hierarchy based on the normal net operating income generated by the property, which is divided by the capitalization (discount) rate. Under the market comparison method, fair value is estimated based on similar transactions. The unit of comparison applied by the Group is the price per square metre.

Fair value hierarchy

The following tables show an analysis of the fair value of investment properties recognized in the consolidated statement of financial position by level of the fair value measurement hierarchy:

	2024	**2023**
	KD	KD
Market Comparison Method - Level 2	12,892,000	10,850,000
Income Capitalization Method – Level 3	9,097,000	9,122,000
	21,989,000	19,972,000

Unobservable significant valuation inputs (Level 2)

	Restated		**Changes in assumptions**	**Impact on the fair value**	
	2024	**2023**		**2024**	**2023**
	KD	KD		KD	KD
Price per square meter	1,127	949	+5%	644,600	542,500

Unobservable significant valuation inputs (Level 3)

	Restated		**Sensitivity used**	**Impact on the fair value**	
	2024	**2023**		**2024**	**2023**
	KD	KD		KD	KD
Average rent	12.84	12.87	± 5%	454,850	456,100
Capitalization rate	%7.9	7.8%	± 50%	(433,190)	(434,380)
Occupancy rate	%100	100%	- 5%	(454,850)	(456,100)

Matching fair value within level 3

The following table shows a reconciliation of all movements in the fair value of items classified within Level 3 between the beginning and the end of the consolidated financial statements period:

	2024	**2023**
	KD	KD
As at 1 January	9,122,000	9,109,000
Change in fair value	(25,000)	13,000
As at 31 December	9,097,000	9,122,000

8. TRADE RECEIVABLES AND OTHER DEBIT BALANCES

	2024	**2023**
	KD	KD
Tenants receivables (net)	8,699	22,507
Prepaid expenses	3,282	1,049
Refundable deposits	26,425	31,375
Other debit balances	33,039	4,000
	71,445	58,931

The movement in the allowance for expected credit losses against lessee receivables was as follows:

	2024	**2023**
	KD	KD
Balance at 1 January	676,644	676,889
Write back of provision for expected credit losses	(1,595)	(245)
Balance at 31 December	675,049	676,644

Disclosures relating to the credit risk exposures and analysis relating to the provision for expected credit losses are set forth in Note 20.2.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

	2024	**2023**
	KD	KD
Investments in quoted local shares	809,084	752,389

During the financial year ended 31 December 2024, the Group sold shares with a book value of KD 230,218 (2023: KD 163,351) for a total consideration of KD 226,730 (2023: KD 164,351). The sale resulted in a loss of KD 3,488 (2023: gain of KD 12,876), which was included in the consolidated statement of comprehensive income.

Valuation techniques of the financial assets at fair value through profit or loss are disclosed in Note 21.

The following is the movement of financial assets at fair value through profit or loss:

	2024	**2023**
	KD	KD
As at 1 January	752,389	891,594
Changes in fair value of financial assets at fair value through profit or loss	286,913	(47,907)
Realized (loss) / gain on sale of financial assets at fair value through profit or loss	(3,488)	12,876
Additions of financial assets at fair value through profit or loss ("FVPL")	-	60,177
Disposal of financial assets at fair value through profit or loss ("FVPL")	(226,730)	(164,351)
As at 31 December	809,084	752,389

10. SHARE CAPITAL

The authorized, issued and fully paid-up capital of the Parent Company amounts to KD 14,650,000 (2023: KD 14,650,000) divided into 146,500,000 shares (2023: 146,500,000 shares), each of 100 fils, and all shares are in cash.

11. STATUTORY RESERVE

In accordance with the requirements of the Companies Law and the Parent Company's Articles of Association, as amended, 10% of the profit for the year before calculating the contribution to the Kuwait Foundation for the Advancement of Sciences, the National Labor Support Tax, Zakat, and Directors' remuneration is transferred to the statutory reserve. The Parent Company may stop this transfer when the reserve balance exceeds 50% of the share capital. This reserve is not available for distribution except in the cases stipulated by the Companies Law and the Parent Company's Articles of Association.

12. VOLUNTARY RESERVE

In accordance with the requirements of the Parent Company's Articles of Association, as amended, a percentage not exceeding 10% of the annual profit before the share of the Kuwait Foundation for the Advancement of Sciences, the National Labor Support Tax, Zakat, and the remuneration of the members of the Board of Directors may be deducted annually, by a decision issued by the Parent Company's Ordinary General Assembly, to form a voluntary reserve allocated for the purposes determined by the assembly. Such transfer may be discontinued as per a resolution issued by the General Assembly of Shareholders based on a proposal from the Board of Directors. The Board of Directors decided to stop deducting from the voluntary reserve, following the approval of shareholders at the Annual General Assembly Meeting.

13. EMPLOYEES' END OF SERVICE BENEFITS

	2024	**2023**
	KD	KD
At 1 January	23,720	24,332
Provided during the year	5,300	6,388
Paid during the year	(17,500)	(7,000)
At 31 December	11,520	23,720

14. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties primarily comprise of the Group's major shareholders, directors, key management personnel of the Group, their close family members and entities controlled or significantly influenced by them. In the normal course of business, and subject to the approval of the Group's management, transactions were made with such related parties during the financial year ended 31 December.

	Parent Company Central Governorate	**2024**	**2023**
	KD	KD	KD
Consolidated Statement of Financial Position:			
Due to related parties			
* Senior partner in the Ultimate Parent Company	-	-	981,346
**Al Madar Kuwait Holding Company K.S.C.P. ("Direct Parent Company")	2,029,699	2,029,699	2,211,435
	2,029,699	2,029,699	3,192,781

14. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

*Represents the balance due to a major partner of the Ultimate Parent Company as at 31 December 2023 for financing the purchase of an investment property through Ijara contract with promise to purchase concluded between the related party and a local bank. The Group incurred finance costs amounting to KD 52,190 for the financial year ended 31 December 2024 (2023: KD 52,507).

During the financial year ended 31 December 2024, the outstanding balance was settled by entering into an Ijarah contract with a promise to purchase between one of the subsidiaries and the local bank instead of the related party (Note 15, 7).

**Amounts due to the Direct Parent Company are unsecured, non-interest bearing and are due on demand.

Key management benefits:

	2024	2023
	KD	KD
Salaries and other short term benefits	34,750	34,750
Employees' end of service benefits	4,054	5,322
	38,804	40,072

15. IJARA WITH PROMISE TO PURCHASE

	2024	2023
	KD	KD
Ijara payables	843,500	-
Less: Future finance costs	(32,857)	-
	810,643	-

Ijarah payables represent a contract concluded between one of the subsidiaries and a local bank in exchange for the use of an investment property with a promise to purchase for a total rental value of KD 843,500, due on 18 August 2025 (Note 14, 7).

16. OTHER LIABILITIES

	2024	2023
	KD	KD
Accrued expenses	2,750	4,109
*KFAS	42,996	7,339
Zakat	24,069	12,120
NLST	56,325	22,147
Other credit balances	31,679	76,631
	157,819	122,346

*Movement in Accrued KFAS is as follows:

	2024	2023
	KD	KD
At 1 January	7,339	8,463
Charged for the year	42,996	7,339
Paid during the year	(7,339)	(8,463)
At 31 December	42,996	7,339

The amount charged for the year includes KD 21,210 for the Kuwait Foundation for the Advancement of Sciences, charged to the subsidiaries of the parent company (2023: KD 4,373).

17. NET RENTAL INCOME

	2024	2023
	KD	KD
Rental income from operating leases of investment properties	546,125	491,377
Operating expenses of properties	(129,669)	(21,492)
	416,456	469,885

18. BASIC AND DILUTED EARNINGS PER SHARE (FILS)

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

	2024	2023
	KD	KD
Profit for the year (KD)	2,338,256	318,387
Weighted average number of outstanding shares during the year (share)	146,500,000	146,500,000
Basic and diluted earnings per share (fils)	15.96	2.17

19. SEGMENT INFORMATION

The Group identifies its operating segments based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Parent Company's Chief Executive Officer is the Group's chief operating decision maker and has grouped the Group's products into the following operating segments:

-Investment properties: Buying, selling and increasing the capital value of investment properties.
-Investments: Investment in subsidiaries and equity shares.
-Other unallocated items: Assets, liabilities, revenues and expenses not allocated within the above segments.

	2024			
	Investment properties	Investments	Other items Unallocated	Total
	KD	KD	KD	KD
Assets	21,997,699	809,084	127,634	22,934,417
Liabilities	813,643	-	2,196,038	3,009,681
Revenues	2,417,856	307,280	3,041	2,728,177
Segments results	2,417,856	307,280	(304,419)	2,420,717

	2023			
	Investment properties	Investments	Other items Unallocated	Total
	KD	KD	KD	KD
Assets	19,994,507	752,389	178,431	20,925,327
Liabilities	1,034,346	-	2,304,501	3,338,847
Revenues	527,885	(16,952)	21,603	532,536
Segments results	527,885	(16,952)	(181,356)	329,577

20. FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial risk factors

The Group’s activities expose it to variety of financial risks: Market risk (i.e. foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group’s management policies for reducing each of these risks are discussed below. The Group does not use derivative financial instruments based on future speculations. The details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 5 to the consolidated financial statements.

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk, interest rate risk and equity price risk.

a) Foreign currency risk

Foreign currency risks arise from Group’s exposure to fluctuations of foreign currency arising from various currency exposures. Foreign currency risk arises when future commercial transactions or recognised assets and liabilities and net investments in foreign operations. The Group is not exposed to foreign currency risk currently, as there are no financial assets or liabilities in foreign currencies.

b) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the portion of the amount due to related parties (senior partner of the Ultimate Parent Company) of the Group that carries variable interest rates. Positions are monitored on a regular basis to ensure that positions are maintained within established limits. The following scenario illustrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant:

	2023	**Change in interest rate**	**Effect on profit for the year and equity**
	KD		KD
Due to related parties (Note 14)	981,346	5%	49,067

The decrease in basis point will have the opposite effect on profit for the year.

20. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

20.1 Market risk (continued)

c) Equity price risk

The Group is exposed to price risk through its investments classified in the consolidated financial statements as financial assets at fair value through profit or loss. The Group manages this risk by diversifying its investments on the basis of the pre-determined asset allocations across various categories, continuous appraisal of market conditions and trends and management estimate of changes in fair value.

The following table shows the impact on the financial assets sensitive to equity price risk considering a 5% change with other factors held constant.

	Effect on profit for the year and equity	
	2024	**2023**
	KD	KD
Financial assets at fair value through profit or loss	40,454	37,619

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

The effect of decrease in equity price is expected to be equal and opposite to the effect of the increases shown above.

20.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets that may expose the Group to credit risk include trade receivables and other debit balances (excluding prepaid expenses) and bank balances. Lessee receivables are recognised net of provision for ECLs.

Trade receivables and other debit balances (excluding prepaid expenses)

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables and other debit balances (excluding prepaid expenses) as these items do not have a significant financing component. In measuring the ECLs, trade receivables and other debit balances (excluding prepaid expenses) have been assessed on a collective basis respectively and classified based on shared credit risk characteristics and the days past due.

The expected losses rates are based on the ageing customers over 3 years before 31 December 2024 and 1 January 2024 respectively and the corresponding historical credit losses during that year. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customers’ ability to settle the amount outstanding. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the consolidated financial statements period.

An analysis is carried out for the impairment at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, service type and customer type). The calculation shows the likely weighted results, reasonable and supporting information available at the reporting date on past events, current circumstances and expectations of future economic conditions.

20. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

20.2 Credit risk (continued)

Below are the expected credit losses for lessee receivables, which are determined as follows:

	Tenant's receivables (Number of days past due)		
	Less than 365 days	More than 365 days	Total
2024	KD	KD	KD
Tenant's receivables	8,699	675,049	683,748
Expected credit loss	-	675,049	675,049
Expected credit loss rate	-	100%	

	Tenant's receivables (Number of days past due)		
	Less than 365 days	More than 365 days	Total
2023	KD	KD	KD
Tenant's receivables	22,507	676,644	699,151
Expected credit loss	-	676,644	676,644
Expected credit loss rate	-	100%	

Banks balances
The Group's bank balances measured at amortized cost are considered to have a low credit risk and the loss allowance is calculated based on the 12 months expected loss. The Group's bank balances are placed with high credit rating financial institutions with no previous history of default. Based on management's assessment, the expected credit loss impact are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

The Group's maximum exposure to credit risk resulting from default of the counterparty is the nominal value of trade receivables and other debit balances (excluding prepaid expenses) and bank balances.

Credit risk exposure
The book values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets categories at the consolidated financial statements date was as follows:

	2024	2023
	KD	KD
Trade receivables and other debit balances (excluding prepaid expenses)	68,163	57,882
Bank balances	64,888	142,007
	133,051	199,889

20. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

20.2 Credit risk (continued)

Geographic concentration of maximum exposure to credit risk

	2024	2023
	KD	KD
Sector:		
Real Estate and Commercial	68,163	57,882
Banks and financial institutions	64,888	142,007
	133,051	199,889

20.3 Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the management of the Parent Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the consolidated financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The carrying amounts of the Group's liabilities with maturity less than 12 months are not materiality different from their contractual undiscounted figures.

	On Demand	Less than 3 months	3 - 12 months	Total
	KD	KD	KD	KD
2024				
Due to related parties	2,029,699	-	-	2,029,699
Ijara with promise to purchase	-	14,371	829,129	843,500
Other liabilities	-	80,394	77,425	157,819
	2,029,699	94,765	906,554	3,031,018

	On Demand	Less than 3 months	3 - 12 months	Total
	KD	KD	KD	KD
2023				
Due to related parties	3,192,781	-	-	3,192,781
Other liabilities	-	34,267	88,079	122,346
	3,192,781	34,267	88,079	3,315,127

20. Financial risk and capital management (Continued)

Financial risk factors (Continued)

20.4 Capital risk management

The Group's objective when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders and to provide an adequate return to Shareholders by pricing products and services commensurately with the level of risk.

The Group's sets the amount of capital in proportion to risk. 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, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio, which is calculated by net debt value divided by total invested capital. Net debt is calculated as the amount due to related parties and Ijare with promise to purchase less bank balances and total invested capital is calculated as the sum of net debt and equity.

	2024	2023
	KD	KD
Due to related parties (Note 14)	-	981,346
Ijara with promise to purchase	810,643	-
Less: Bank balances	(64,888)	(142,007)
Net debt	745,755	839,339
Total equity	19,924,736	17,586,480
Invested capital	20,670,491	18,425,819
Gearing ratio (%)	3.61%	4.56%

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The 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. In the opinion of the Group's management, the carrying values of the financial assets and liabilities as at 31 December are not significantly different from their carrying value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (for example: inputs relating to prices).
- Level 3: Inputs derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	
	2024	2023
	KD	KD
Financial assets:		
Financial assets at fair value through profit or loss	809,084	752,389

21. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

For assets and liabilities that are carried at fair value in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each consolidated financial statements period.

The valuation techniques used to measure fair value have not changed compared to the prior year's consolidated financial statements.

Investment in listed shares
The fair value of publicly traded shares is based on quoted bid prices in an active market for similar assets without any adjustments. The Group classifies the fair value of these investments within Level 1 of the hierarchy.

No transfers were made between any levels of the fair value hierarchy during the financial years ended 31 December 2024 and 2023.

Non-financial assets
No transfers were made between any levels of the fair value hierarchy during the financial years ended 31 December 2024 and 2023.

Significant unobservable inputs used in measuring the fair value of investment properties as at 31 December 2024 and 2023 are disclosed in Note 7.

22. BOARD OF DIRECTORS MEETING AND ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

The Board of Directors, in its meeting held on 27 March 2025, proposed not to distribute dividends to shareholders for the financial year ended 31 December 2024, and not to distribute remuneration to members of the Board of Directors for the financial year ended 31 December 2024. This proposal is subject to approval of the Shareholders’ annual general assembly.

The Annual General Assembly of Shareholders held on 27 May 2024 approved the consolidated financial statements of the Group for the financial year ended 31 December 2023. Moreover, it approved the Board of Directors recommendion not to distribute dividends to shareholders and not to distribute remuneration for the board of directors for the financial year ended 31 December 2023.

23. POTENTIAL CLAIMS

The Group operates in the real estate sector and is exposed to legal disputes with tenants in the normal course of business. Management does not believe that these claims will have a material impact on the consolidated financial statements.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentations. Such reclassification did not affect previously reported consolidated statement of comprehensive income, consolidated statement of equity or opening balances of the earliest comparative period presented and accordingly a third consolidated statement of financial position is not presented.