



Grant Thornton
Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report

Tamdeen Real Estate Company – KPSC

and Subsidiaries

Kuwait

31 December 2024

Contents

| | Page |
|---|-------------|
| Independent auditor’s report | 1 to 4 |
| Consolidated statement of profit or loss | 5 |
| Consolidated statement of profit or loss and other comprehensive income | 6 |
| Consolidated statement of financial position | 7 |
| Consolidated statement of changes in equity | 8 and 9 |
| Consolidated statement of cash flows | 10 and 11 |
| Notes to the consolidated financial statements | 12 to 60 |

Independent Auditor's Report

To the Shareholders of
Tamdeen Real Estate Company – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tamdeen Real Estate Company – Kuwaiti Public Shareholding Company (the “Parent Company”) and Subsidiaries, (collectively the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ((including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Valuation of Investment Properties

The Group's investment properties represent significant part of the total assets. The valuation of investment properties is a judgement area requiring number of assumptions including capitalization yields, estimated rental and hotel revenue, occupancy rates, historical transactions, BOT contract periods & conditions, rights of use contract periods and renewability. The Group's policy is that property valuations are performed at year end by independent valuers, who are non-related to the Group, and they are licensed valuers and have the required qualifications and experiences. Given the fact that the fair values of the investment properties represent a significant judgment area and the valuations are highly dependent on estimates, we determined this to be a key audit matter. Refer to Notes (4.13, 14 and 28.4) for more information on investment properties.

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

Key Audit Matters (continued)

Valuation of Investment Properties (continued)

Our audit procedures included, among others, assessing the appropriateness of the methods and means of evaluation and inputs used in the evaluation. We reviewed the valuation reports from the external valuers and agreed them to the carrying value of the investment properties. We also assessed the appropriateness of the valuation methodologies used in assessing the fair value of the investment properties. Furthermore, we assessed that the property related data used as input for the external valuations is consistent with the information obtained during our audit.

Impairment of investments in associates

The Group's investments in associates represent significant part of any the total assets and are accounted for under the equity method of accounting and considered for impairment in case of any indications of impairment. Significant management judgment and number of assumptions are required in the assessment of impairment, including the determination of the recoverable value of the investment based on higher of fair value less costs to sell and its value-in-use, in case there is a significant or prolonged decline in value based on published price quotes. Further, the projected future cash flows and discount rates used by the Group in determining the investment's value in use are also subject to estimation uncertainty and sensitivity. Accordingly, we considered this as a key audit matter. Refer to Notes (4.5, 5.2.3 and 15) for more information on investments in associates.

Our audit procedures included, among others, evaluating management's consideration of the impairment indicators of investment in associates. In evaluating such consideration, we assessed whether any significant or prolonged decline in value exists, whether there are any significant adverse changes in the technological market, economic or legal environment in which the associate operates, or structural changes in the field of industry in which the investee company operates, or changes in the political or legal environment effecting the investees business, and also whether there are any changes in the investee's financial condition. We also reviewed management's assessment of the recoverable value of the investment including the reasonability of the cash flow projections and discount rates used in the value in use calculation for associates, where there was a significant or prolonged decline in value, and the appropriateness of the disclosures made in the consolidated financial statements.

Other information included in the Group's 2024 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report and we expect to obtain the remaining sections of the Group's Annual Report 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 thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

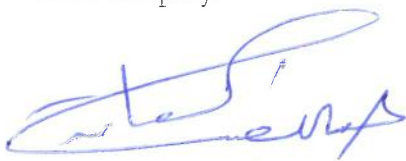
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. (1) of 2016, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

We further report, to the best of our knowledge and belief, no violations of provisions of the Law No. 7 of 2010 regarding Capital Markets Authority ("CMA") and its relevant regulations have occurred during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.



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

Consolidated statement of profit or loss

| | Notes | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|---|--------|---|---|
| Revenue | | | |
| Operating revenue | | 25,662 | 23,960 |
| Cost of revenue | 7 | (8,169) | (6,481) |
| <hr/> | | | |
| Net income | | 17,493 | 17,479 |
| Management and consultancy fees | | 1,012 | 984 |
| Gain on sale and liquidation of subsidiaries | 6.1 | - | 860 |
| Gain on sale of trading properties | 13 (b) | 326 | 646 |
| Change in fair value of an investment property under development | | - | 2,555 |
| Change in fair value of investment properties | 14 | 1,150 | (2,487) |
| Dividends income from investments at FTVOCI | | 4,917 | 6,089 |
| Net income from associates | 9 | 12,206 | 11,502 |
| Foreign currency exchange gain | | (6) | 13 |
| Interest income | | 890 | 1,001 |
| Other income | | 1,251 | 1,567 |
| <hr/> | | | |
| | | 39,239 | 40,209 |
| <hr/> | | | |
| Expenses and other charges | | | |
| Staff costs | | (3,459) | (2,896) |
| General, administrative & other expenses | | (5,516) | (5,891) |
| Finance costs | | (7,575) | (8,295) |
| <hr/> | | | |
| | | (16,550) | (17,082) |
| <hr/> | | | |
| Profit for the year before provisions for contribution to KFAS, provision for Zakat, provision for NLST and board of directors' remuneration | | 22,689 | 23,127 |
| Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) | 8 | (82) | (81) |
| Provision for Zakat | 8 | (177) | (172) |
| Provision for National Labour Support Tax (NLST) | 8 | (537) | (524) |
| Board of directors' remuneration | 22 | (35) | (35) |
| <hr/> | | | |
| Profit for the year | | 21,858 | 22,315 |
| <hr/> | | | |
| Attributable to: | | | |
| Owners of the Parent Company | | 15,450 | 15,708 |
| Non-controlling interests | | 6,408 | 6,607 |
| <hr/> | | | |
| Profit for the year | | 21,858 | 22,315 |
| <hr/> | | | |
| Basic and diluted earnings per share attributable to the owners of the Parent Company | 10 | 38.5 Fils | 39.1 Fils |

The notes set out on pages 12 to 60 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|---|---|---|
| Profit for the year | 21,858 | 22,315 |
| Other comprehensive income: | | |
| Items to be reclassified to consolidated statement of profit or loss: | | |
| Share of other comprehensive income of associates | 20 | 59 |
| | 20 | 59 |
| Items that will not be reclassified to consolidated statement of profit or loss: | | |
| Net change in fair value of investments at FVTOCI | 20,983 | (6,761) |
| Share of other comprehensive income of associates | 1,582 | 342 |
| | 22,565 | (6,419) |
| Total other comprehensive income / (loss) for the year | 22,585 | (6,360) |
| Total comprehensive income for the year | 44,443 | 15,955 |
| Total comprehensive income attributable to: | | |
| Owners of the Parent Company | 34,583 | 12,281 |
| Non-controlling interests | 9,860 | 3,674 |
| Total comprehensive income for the year | 44,443 | 15,955 |

The notes set out on pages 12 to 60 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

| | Note | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|--|------|---------------------------|---------------------------|
| Assets | | | |
| Cash and bank balances | 23 | 16,244 | 27,438 |
| Accounts receivable and other debit balances | 11 | 5,146 | 5,482 |
| Investments at FVTOCI | 12 | 170,821 | 165,520 |
| Trading properties | 13 | 24,514 | 10,713 |
| Investment properties | 14 | 188,000 | 186,641 |
| Investments in associates | 15 | 167,793 | 158,008 |
| Intangible assets | | 1,866 | 2,826 |
| Other assets | | 5,648 | 5,964 |
| Total assets | | 580,032 | 562,592 |
| Total liabilities and equity | | | |
| Liabilities | | | |
| Due to banks | 16 | 9,374 | 6,990 |
| Term loans | 17 | 141,191 | 146,459 |
| Accounts payable and other credit balances | 18 | 15,896 | 21,887 |
| Refundable rental deposits | | 6,578 | 7,551 |
| Provision for employees' end of service benefits | | 2,171 | 1,988 |
| Total liabilities | | 175,210 | 184,875 |
| Equity | | | |
| Share capital | 19 | 43,193 | 43,193 |
| Share premium | 19 | 11,132 | 11,132 |
| Treasury shares | 20 | (11,981) | (11,981) |
| Reserve on sale of treasury shares | | 756 | 756 |
| Statutory reserve | 21 | 19,505 | 17,931 |
| Voluntary reserve | 21 | 20,903 | 19,329 |
| Foreign currency translation reserve | | 404 | 390 |
| Cumulative changes in fair value | | 131,247 | 112,128 |
| Retained earnings | | 42,216 | 37,141 |
| Equity attributable to the owners of the Parent Company | | 257,375 | 230,019 |
| Non-controlling interests | | 147,447 | 147,698 |
| Total equity | | 404,822 | 377,717 |
| Total liabilities and equity | | 580,032 | 562,592 |



Mohamad Abdulhamid Mohamad Al-Marzook
Chairman

Abdulaziz Abdullah Ali Al Ghanim
Vice-Chairman

The notes set out on pages 12 to 60 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

| | Equity attributable to owners of the Parent Company | | | | | | | | | | Total KD'000 | |
|---|---|----------------------------|------------------------------|---|--------------------------------|--------------------------------|---|--|--------------------------------|-------------------------|-----------------|--|
| | Share capital KD'000 | Share premium KD'000 | Treasury shares KD'000 | Reserve on sale of treasury shares KD'000 | Statutory reserve KD'000 | Voluntary reserve KD'000 | Foreign currency translation reserve KD'000 | Cumulative changes in fair value KD'000 | Retained earnings KD'000 | Sub- total KD'000 | | Non- controlling interests KD'000 |
| Balance as at 1 January 2024 | 43,193 | 11,132 | (11,981) | 756 | 17,931 | 19,329 | 390 | 112,128 | 37,141 | 230,019 | 147,698 | 377,717 |
| Cash dividends (Note 22) | - | - | - | - | - | - | - | - | (7,227) | (7,227) | - | (7,227) |
| Cash dividends to non-controlling interests of a subsidiary | - | - | - | - | - | - | - | - | - | - | (4,422) | (4,422) |
| Reduction of share capital in cash of a subsidiary (Note 6.1) | - | - | - | - | - | - | - | - | - | - | (5,689) | (5,689) |
| Transactions with the owners | - | - | - | - | - | - | - | - | (7,227) | (7,227) | (10,111) | (17,338) |
| Profit for the year | - | - | - | - | - | - | - | - | 15,450 | 15,450 | 6,408 | 21,858 |
| Other comprehensive Income for the year | - | - | - | - | - | - | 14 | 19,119 | - | 19,133 | 3,452 | 22,585 |
| Total comprehensive income for the year | - | - | - | - | - | - | 14 | 19,119 | 15,450 | 34,583 | 9,860 | 44,443 |
| Transferred to reserves | - | - | - | - | 1,574 | 1,574 | - | - | (3,148) | - | - | - |
| Balance as at 31 December 2024 | 43,193 | 11,132 | (11,981) | 756 | 19,505 | 20,903 | 404 | 131,247 | 42,216 | 257,375 | 147,447 | 404,822 |

The notes set out on pages 12 to 60 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

| | Equity attributable to owners of the Parent Company | | | | | | | | | | Total KD'000 | |
|---|---|----------------------------|------------------------------|---|--------------------------------|--------------------------------|---|--|--------------------------------|-------------------------|-----------------|--|
| | Share capital KD'000 | Share premium KD'000 | Treasury shares KD'000 | Reserve on sale of treasury shares KD'000 | Statutory reserve KD'000 | Voluntary reserve KD'000 | Foreign currency translation reserve KD'000 | Cumulative changes in fair value KD'000 | Retained earnings KD'000 | Sub- total KD'000 | | Non- controlling interests KD'000 |
| Balance as at 1 January 2023 | 43,193 | 11,132 | (11,981) | 756 | 16,329 | 17,727 | 389 | 115,556 | 30,614 | 223,715 | 151,787 | 375,502 |
| Effect of purchase of the remaining shares in a subsidiary (Note 6.1) | - | - | - | - | - | - | - | - | (1,159) | (1,159) | (914) | (2,073) |
| Non-controlling interests excluded as a result of acquisition of an additional share in a subsidiary (Note 6.1) | - | - | - | - | - | - | - | - | - | - | (5,069) | (5,069) |
| Cash dividends (Note 22) | - | - | - | - | - | - | - | - | (4,818) | (4,818) | - | (4,818) |
| Cash dividends to non-controlling interests in a subsidiary | - | - | - | - | - | - | - | - | - | - | (1,771) | (1,771) |
| Change in non-controlling interests resulting from the liquidation of a subsidiary (Note 6.1) | - | - | - | - | - | - | - | - | - | - | (9) | (9) |
| Transactions with the owners | - | - | - | - | - | - | - | - | (5,977) | (5,977) | (7,763) | (13,740) |
| Profit for the year | - | - | - | - | - | - | - | - | 15,708 | 15,708 | 6,607 | 22,315 |
| Other comprehensive loss for the year | - | - | - | - | - | - | 1 | (3,428) | - | (3,427) | (2,933) | (6,360) |
| Total comprehensive income for the year | - | - | - | - | - | - | 1 | (3,428) | 15,708 | 12,281 | 3,674 | 15,955 |
| Transferred to reserves | - | - | - | - | 1,602 | 1,602 | - | - | (3,204) | - | - | - |
| Balance as at 31 December 2023 | 43,193 | 11,132 | (11,981) | 756 | 17,931 | 19,329 | 390 | 112,128 | 37,141 | 230,019 | 147,698 | 377,717 |

The notes set out on pages 12 to 60 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|--|---|---|
| Operating activities | | |
| Profit for the year before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat, National Labour Support Tax (NLST) and Board of directors' remuneration | 22,689 | 23,127 |
| Adjustments: | - | |
| Depreciation and amortisation | 1,773 | 1,984 |
| Loss on disposal of property, plant and equipment | - | 87 |
| Provision for employees' end of service benefits | 306 | 222 |
| Bargain Gain on Purchase of additional shares in and Associate | (1,104) | - |
| Loss as a result of Associate swap transaction | 2,245 | - |
| Change in fair value of investment properties | (1,150) | 2,487 |
| Change in fair value of an investment property under development | - | (2,555) |
| Gain on sale of subsidiaries | - | (860) |
| Gain on sale of trading properties | (326) | (646) |
| Dividends income from investments at FVOCI | (5,384) | (6,089) |
| Interest income | (890) | (1,001) |
| Reversal of provision (due from related parties) | (200) | - |
| ECL provisions - net | (137) | 231 |
| Share of results of associates | (13,347) | (11,502) |
| Finance costs | 7,575 | 8,295 |
| | 12,050 | 13,780 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable and other debit balances | (871) | (1,820) |
| Accounts payable and other credit balances | (5,055) | (3,041) |
| Refundable rental deposits | (973) | (227) |
| Employees' end of service benefits paid | (123) | (143) |
| Zakat and NLST paid | (272) | (733) |
| Board of directors' remuneration paid | (35) | (35) |
| Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)Paid | - | (98) |
| Net cash from operating activities | 4,721 | 7,683 |

The notes set out on pages 12 to 60 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

| | Note | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|---|------|---|---|
| Investing activities | | | |
| Proceeds from sale of investments at fair value through other comprehensive income | | 15,611 | 9,886 |
| Change in non-controlling interests on reduction of share capital of a subsidiary in cash | | (5,689) | - |
| Net proceeds from sale and liquidation of subsidiaries | | - | (36) |
| Net cash paid to acquire additional shares in a subsidiary | | - | (6,615) |
| Paid to purchase investments at fair value through other comprehensive income | | (22) | - |
| Proceeds from sale of trading properties | | 5,114 | 10,450 |
| Term Deposits | | (3,000) | - |
| Additions to Investment in associates | | (979) | - |
| Additions to investment property | | (209) | - |
| Additions to investment property under development | | - | (2,563) |
| Additions to Trading properties | | (18,339) | - |
| Additions to other assets and intangible assets | | (497) | (1,072) |
| Dividends income received | | 5,384 | 6,089 |
| Dividends income received from associates | | 6,018 | 4,628 |
| Interest income received | | 892 | 940 |
| Net cash from investing activities | | 4,284 | 21,707 |
| Financing activities | | | |
| Change in equity as a result of acquiring an additional share in a subsidiary | | - | (527) |
| Dividends paid to shareholders | | (7,793) | (4,807) |
| Dividends paid to non-controlling interests by subsidiary | | (4,422) | (1,771) |
| Change in due to banks | | 2,384 | 1,634 |
| Change in term loans | | (5,268) | (24,786) |
| Finance costs paid | | (8,100) | (7,627) |
| Net cash used in financing activities | | (23,199) | (37,884) |
| Net decrease in cash and cash equivalents | | (14,194) | (8,494) |
| Cash and cash equivalents at the beginning of the year | 23 | 27,363 | 35,857 |
| Cash and cash equivalents at the end of the year | 23 | 13,169 | 27,363 |

The notes set out on pages 12 to 60 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities of the Parent Company

Tamdeen Real Estate Company – KPSC (the “Parent Company”) was incorporated in Kuwait on 16 December 1982 in accordance with the Companies Law. The Parent Company along with its subsidiaries are jointly referred to as “the Group”. The Parent Company’s shares are traded on the Kuwait Stock Exchange.

The principal activities of the Parent Company comprise of real estate investments inside and outside the State of Kuwait, for the purposes of ownership, resale, leasing and renting. The Parent Company is also engaged in the development of real estate projects and construction contracts of buildings, managing the properties of others, establishing and managing real estate investment funds, real estate studies and consultancy, and investing in companies with activities similar to its own and exploiting the financial surpluses available at the Parent Company through its investment in financial portfolios managed by professional companies and authorities.

The address of the Parent Company: PO Box 21816, Safat 13079, State of Kuwait.

The consolidated financial statements for the year ended 31 December 2024 were authorised for issue by the Parent Company’s board of directors on 26 March 2025 and are subject to the approval of the general assembly of the shareholders.

2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”).

3 Changes in accounting policies

3.1 New and amended IFRS Accounting Standards adopted by the Group

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

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

IAS 1 Amendments - Classification of liabilities with debt covenants

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

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

3.1 New and amended IFRS Accounting Standards adopted by the Group

IAS 1 Amendments - Classification of current or non-current

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

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

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

IAS 1 Amendments - Classification of current or non-current (continued)

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

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements

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

To meet the disclosure objectives, an entity is required to disclose in aggregate for its supplier finance arrangements:

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

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

IFRS 16 Amendments – Lease liability in a sale and leaseback

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

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

3.2 IASB Standards issued but not yet effective

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

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

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

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

IAS 21 Amendments – Lack of exchangeability

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

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

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

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

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

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

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

- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies

The material accounting policies adopted in preparation of the consolidated financial statements are summarised below:

4.1 Basis of preparation

The consolidated financial statements have been presented in Kuwait Dinar (“KD”), which is the Parent Company’s functional currency. They have been prepared under historical cost convention except for investments at fair value through profit or loss and investments at fair value through other comprehensive income and investment properties and an investment property under development measured at fair value.

The Group has elected to present the “consolidated statement of profit or loss and other comprehensive income” in two separate statements: the “consolidated statement of profit or loss” and a “consolidated statement of profit or loss and other comprehensive income”.

4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases. All subsidiaries have a reporting date of 31 December.

The details of the consolidated subsidiaries are set out in Note (6) to the consolidated financial statements.

All intra-group transactions and balances are eliminated on consolidation, including unrealised gains and losses on intra-group transactions. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date the Group gains control, or until the date the Group ceases to control the subsidiary, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary’s profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

The Group recognises identifiable assets acquired a

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:

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.2 Business combinations (continued)

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group has directly disposed of the related assets or liabilities.

4.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

4.4 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.4 Goodwill (continued)

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.5 Investment in associates

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

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

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

The share of results of an associate is shown in the consolidated statement of profit or loss.

It represents the profit attributable to equity holders of the associate and therefore represents profit after tax and non-controlling interests in the subsidiaries of the associate.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of results of an associate' in the consolidated statement of profit or loss.

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

Investments in associates are non-current assets, unless otherwise provided.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.6 Segment reporting

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

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to a certain operating segment are not allocated to the segment.

4.7 Revenue recognition

The Group recognises revenue from the following major sources:

- Rendering of services
- Revenue from sale of properties
- Rental income and other services income from investment properties
- Providing hotel services
- Interest and similar income
- Dividends income

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group follows a 5-step process:

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

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

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.7 Revenue recognition (continued)

4.7.1 Rental income

Rental income from investment properties is recognised as stated in note 4.10.

4.7.2 Services income

The Group earns revenue from maintenance, advertising and other services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

4.7.3 Management and consultancy fees

The Group earns fees and commission income from a variety of asset management, investment banking, custody, consultancy and brokerage services provided to its customers. Fees and commission income are recognised over the period of the service.

4.7.4 Revenue from sale of trading properties

The Group develops and sells residential apartments, which is part of a residential complex located in Kuwait. Revenue on sale of these properties is recognised when control over the property has been transferred to the customer. Management believes that the enforceable right of payment with regard to this project does not arise until legal title of the property is passed to the customer / legal notice is served to the customer to take possession of the property. Therefore, revenue is recognised at a point in time when either the legal title is passed to the customer, or when legal notice is served to the customer to take possession of the property or when the property is handed over to the customer.

4.7.5 Rendering of hotel services

The Group also renders hotel services and revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed. Room revenue is recognised on the rooms occupied on a daily basis. Revenue on food, beverage and other related sales are accounted for at the time of sale.

4.7.6 Interest income

Interest income and expenses are reported on an accrual basis using the effective interest rate method.

4.7.7 Dividend income

Dividend income are recognised at the time the right to receive payment is established.

4.8 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.9 Borrowing costs

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

4.10 Leased assets

The Group as a lessee

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.10 Leased assets (continued)

The Group as a lessee (continued)

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

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

The Group as a lessee

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

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position measured as follows:

Right-of-use asset

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

Subsequent to initial measurement, the Group depreciates the right-of-use assets (which are not classified as investment properties) on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Subsequent to initial measurement, the Group accounts for certain of its right-of-use assets as investment properties carried at fair value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Any gain or loss resulting from either a change in the fair value is immediately recognised in the consolidated statement of profit or loss.

Lease liability

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

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.10 Leased assets (continued)

The Group as a lessor (continued)

Lease liability (continued)

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

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

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

4.11 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Property, plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property, plant and equipment.

The following annual rates are applied:

- | | |
|--|---------------|
| • Machines and equipment | 20% to 33.33% |
| • Vehicles | 20% to 25% |
| • Furniture, fixtures and office equipment | 5% to 33.33% |

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.11 Property, plant and equipment (continued)

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the consolidated statement of profit or loss.

4.12 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

The estimated useful life and amortisation method are reviewed at the end of each reporting period. Changes in estimates are accounted for as at the beginning of the financial year in which the changes have been occurred. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the consolidated statement of profit or loss.

4.13 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost. Subsequently, investment properties are revalued annually and are included in the consolidated statement of financial position at their fair values. These values supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property or are determined by the management of the Group based on their knowledge of the property.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within “change in fair value of investment property”.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

4.14 Investment properties under development

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.15 Trading properties

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

4.16 Impairment testing of goodwill and non-financial assets

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

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from the asset or each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements.

Discount factors are determined individually for each asset or cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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

4.17 Financial instruments

4.17.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

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

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Financial instruments (continued)

4.17.1 Recognition, initial measurement and derecognition (continued)

- (a) the Group has transferred substantially all the risks and rewards of the asset or
- (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

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

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

4.17.2 Classification of financial assets

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

- financial assets at amortised cost
- financial assets at fair value through Other Comprehensive Income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. In the period presented no such designation has been made.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Financial instruments (continued)

4.17.3 Subsequent measurement of financial assets

- **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

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

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

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and short-term deposits, which are subject to an insignificant risk of changes in value.

- **Accounts receivable and other financial assets**

Accounts receivable are stated at original invoice amounts less allowance for any impairment.

Financial assets at amortised costs, which are not categorised under any of the above are classified as "Accounts receivable and other debit balances".

- **Financial assets at FVTOCI**

The Group's financial assets at FVTOCI comprise of the following:

- **Investment in equity shares:** These represent investments in equity shares of various companies and include both quoted and unquoted.

Equity instruments at FVTOCI

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

A financial asset is held for trading if:

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Financial instruments (continued)

4.17.3 Subsequent measurement of financial assets (continued)

- *Financial assets at FVTOCI (continued)*

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

Subsequently these assets are measured at fair value. Dividend on these investments in equity instruments are recognised in the consolidated statement of profit or loss. All other gains and losses are recognised in other comprehensive income (accumulated fair value reserve) and are never reclassified to profit or loss. Transfers of realised gains on disposal within components of equity (to retained earnings) are done based on management discretion.

- *Financial assets at FVTPL*

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

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

The Group does not hold any financial assets at FVTPL as of the reporting date.

4.17.4 Impairment of financial assets

All financial assets except for those at FVTPL and Equity instruments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets at amortised cost or at FVTOCI.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Financial instruments (continued)

4.17.4 Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade receivables and amounts due from related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

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

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

4.17.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include terms loans, due to banks, accounts payable and other credit balances.

The subsequent measurement of financial liabilities depends on their classification as follows (the Group does not have any financial liabilities classified as at fair value through profit or loss):

- **Financial liabilities at amortised cost**

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities at amortised cost into the following categories:

- *Borrowings (terms loans and due to banks)*

Term loans are carried on the date of the consolidated statement of financial position at their principal amounts. Interest is charged as an expense as it accrues, with unpaid interest included in the creditors' balances. All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Financial instruments (continued)

4.17.5 Classification and subsequent measurement of financial liabilities (continued)

- *Financial liabilities at amortised cost (continued)*

- *Murabaha finance payables*

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

- *Refundable rental deposits*

The refundable rental deposits represent amounts received from tenants in accordance to the signed rental contracts and will be refunded upon expiry of such contracts.

- *Accounts payable and other financial liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as “Other financial liabilities”.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss, are included within finance costs or finance income.

4.18 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

4.19 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.20 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm’s length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 28.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.21 Equity, reserves and dividend payments

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

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

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

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into KD
- Fair value reserve – comprises gains and losses relating to FVTOCI investment and fair value reserve of the associates' share.

Retained earnings include all current and prior period retained profits. All transactions with owners of the Parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general assembly meeting.

4.22 Treasury shares

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

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "sale of treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

4.23 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

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

In certain instances, the Group is required to perform maintenance and restore properties to agreed specifications. Provisions for such cost are recognised based on terms of the contracts.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.23 Provisions, contingent assets and contingent liabilities (continued)

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.

4.24 Foreign currency translation

4.24.1 Functional and presentation currency

The consolidated financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the parent company.

4.24.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Parent Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. Translation difference on non-monetary assets classified at “FVPL” is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and “investments at FVTOCI” are reported as part of the cumulative change in fair value within other comprehensive income.

4.24.3 Foreign operations

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

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

4.25 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 reporting 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 Parent Company’s obligations are limited to these contributions, which are expensed when due.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.26 Related party transactions

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

4.27 Taxation

4.27.1 National Labor Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Kuwait Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit attributable to the Parent Company's owners. As per law, allowable deductions include income from associates and subsidiaries and cash dividends from the listed companies, which are subject to NLST.

4.27.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group attributable to the Parent Company's owners in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that revenues from the associates and subsidiaries, board of directors' remuneration and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Accumulated losses brought forward can be deducted from the adjusted profit for the year when calculating the KFAS contribution for the year.

4.27.3 Zakat

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

Under the NLST and Zakat regulations, no carry forward of losses to the future years nor any carry back to prior years is permitted.

4.28 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

4.29 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (e.g. regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels). The Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.

5 Significant management judgments and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

Notes to the consolidated financial statements (continued)

5 Significant management judgments and estimation uncertainty (continued)

5.1 Significant management judgments

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

5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note (4.17)). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.1.2 Control assessment

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

5.1.3 Revenue recognition

Revenue is measured based on the consideration which the Group expects to be entitled in a contract and is recognised when it transfers control of a product or service to a customer. The determination of whether the revenue recognition criteria as specified under IFRS 15 and in the revenue recognition accounting policy explained in Note 4.7 are met requires significant judgement.

5.1.4 Classification of real estate

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

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

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

5.1.5 Significant increase in credit risk

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

5.2 Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Notes to the consolidated financial statements (continued)

5 Significant management judgments and estimation uncertainty (continued)

5.2 Estimates uncertainty (continued)

5.2.1 Fair value of financial instruments

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

5.2.2 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The calculation of which includes historical data, assumptions and expectations of future conditions. The Group based these estimates using reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

5.2.3 Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associates, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss.

The Group's management has updated the impairment studies of the associates. Impairment is assessed for the entire carrying value of the Group's investments in the associates including goodwill Depicted below:-

- 1- Kuwait National Cinema Co. KPSC
- 2- Caf FA Restaurant and Café WLL
- 3- Madad Pack Manufacturing Cardboard boxes and Paper bags company-KSCC
- 4- BW British for Printing Company - KSCC

Therefore, no impairment study for goodwill was required independently. The recoverable amount of the investment in associates had been determined, based on value in use calculations, using cash flow projections based on financial budgets as follows:

| | 2024 | 2023 |
|--|-------------|-------------|
| Financial budgets cover period (years) | 2025 – 2029 | 2024 – 2028 |
| Discount rate (weighted average cost of capital) | 12%-12.5% | 12% |
| overall growth rate | 3% | 3% |

Notes to the consolidated financial statements (continued)

5 Significant management judgments and estimation uncertainty (continued)

5.2 Estimates uncertainty (continued)

5.2.3 Impairment of associates (continued)

The discount rate reflects the current market assessment of risks specific to associates.

Management believes that the carrying amount of the investment in Kuwait National Cinema Company is not impaired based on assessment of its recoverable value estimated using the value in-use method.

5.2.4 Valuation of investment properties

The Group carries its investment properties at fair value. Changes in fair value are recognised in the consolidated statement of profit or loss. Fair values are estimated by independent valuers who have used valuation techniques. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5.2.5 Impairment of trading properties

trading properties are held at the lower of cost or net realisable value. An estimate is made of their net realisable value on an individual basis.

Management estimates the net realisable values of these properties, taking into account the most reliable evidence available at each reporting date. The future realisation of these properties may be affected by market-driven changes that may reduce future selling prices.

5.2.6 Significant influence

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the Company.

6 Subsidiaries

6.1 The Group's consolidated subsidiaries are as follows:

| Subsidiaries | Effective percentage of ownership in subsidiaries | | Country of incorporation | Principal activity | Date of incorporation | Date of control |
|---|---|----------------|--------------------------|--------------------|-----------------------|-----------------|
| | 31 Dec. 2024 % | 31 Dec. 2023 % | | | | |
| Tamdeen Investment Company-KPSC* | 57.70 | 55.94 | Kuwait | Investment | 3 March 1997 | 11 January 2003 |
| Manshar Real Estate Company -KSC (Closed) | 77.97 | 77.97 | Kuwait | Real estate | 17 March 2007 | 17 March 2007 |

* This investment is held through investment portfolio managed by a specialized investment company.

Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.1 The Group's consolidated subsidiaries are as follows: (continued)

On 22 July 2024, the extraordinary general assembly of the subsidiary's shareholders; Tamdeen Investment Company - K.P.S.C, approved a reduction in the Company's authorized, issued, and paid-up share capital from KD 34,506,371 divided into 345,063,708 shares to KD 20,000,000 divided into 200,000,000 shares, resulting in a decrease of KD 14,506,371 divided into 145,063,708 shares, equivalent to 42.04% of the Company's share capital, as follows:

- Non-cash reduction of KD 1,055,556 against the cancellation of 10,555,562 shares from treasury shares.
- Cash reduction and allocation of KD 13,450,815 to shareholders, each according to their respective shareholding percentage, against the cancellation of 134,508,146 shares from the share capital at a nominal value of 100 fils each. Accordingly, the authorized, issued, and paid-up share capital amounted to KD 20,000,000 as at 31 December 2024, divided into 200,000,000 shares, each of 100 fils and all shares are in cash (31 December 2023 KD 34,506,371 divided into 345,063,708 shares).
- During the previous period, one of the subsidiaries of the Group (Tamdeen Investment Company - K.P.S.C) purchased the remaining shares in Tamdeen Real Estate Development Company K.S.C (Closed) (Group's subsidiary) from a related party (Note 25) and increased its direct ownership percentage in the share capital from 48% to 100%. Accordingly, the financial statements of Tamdeen Real Estate Development Company K.S.C (Closed) were fully and directly consolidated by Tamdeen Investment Company - K.P.S.C. This purchase transaction resulted in an increase in the difference between the purchase value and the net book value of the purchased shares. The net increase calculated amounted to KD2,073 thousand, which was included directly in the statement of changes in equity for the previous period.

Disposal and Liquidation of subsidiaries

- During the Previous year, the subsidiary (Tamdeen Investment Company - KPSC) disposed its investment in Spirit Art Company and Tamdeen Sports Company (subsidiaries of) to a related party for an amount of KD2,447 Thousand in cash, resulting net profit on sale of KD759 thousand recognized in the statement of profit or loss for the previous period.
- During the previous year, the extraordinary general assembly of the liquidated subsidiary al Adiyat International Real Estate Company – KSC (Closed) held on 16 March 2023 approved the liquidation. A profit of KD 101 thousand resulted from the liquidation, which was recognised in the statement of profit or loss for the previous year.

6.2 Subsidiaries with material non-controlling interests

The Group includes only one subsidiary with material non-controlling interests (NCI):

| | Proportion of ownership interests and voting rights held by the NCI | | Profit allocated to NCI | | Accumulated NCI | |
|--------------------------------------|---|-----------------|-------------------------------|-------------------------------|-----------------|-----------------|
| | 31 Dec. 2024 | 31 Dec. 2023 | Year ended 31 Dec. 2024 | Year ended 31 Dec. 2023 | 31 Dec. 2024 | 31 Dec. 2023 |
| | | | KD'000 | KD'000 | KD'000 | KD'000 |
| Tamdeen Investment Company- KPSC* | 42.30% | 44.06% | 6,408 | 6,607 | 147,448 | 147,698 |
| | | | 6,408 | 6,607 | 147,448 | 147,698 |

The NCI of Manshar Real Estate Company – KSC (Closed) Company – KSC (Closed) are included within Tamdeen Investment Company's NCI.

Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.3 Summarised financial information for Tamdeen Investment Company - KPSC, after intra-Group eliminations, is set out below:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Non-current assets | 340,351 | 338,893 |
| Current assets | 18,300 | 18,351 |
| Total assets | 358,651 | 357,244 |
| Non-current liabilities | (424) | (387) |
| Current liabilities | (9,742) | (21,348) |
| Total liabilities | (10,166) | (21,735) |
| Equity attributable to the shareholders of the Parent Company | 194,907 | 181,680 |
| Non-controlling interests (including non-controlling interests in the subsidiary's statement of financial position) | 153,578 | 153,829 |

6.3 Summarised financial information for Tamdeen Investment Company - KPSC, after intra-Group eliminations, is set out below:

| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|---|---|---|
| Revenue | 18,326 | 19,234 |
| Profit for the year attributable to the shareholders of the Parent Company | 8,768 | 8,683 |
| Profit for the year attributable to NCI | 6,408 | 6,607 |
| Profit for the year | 15,176 | 15,290 |
| Other comprehensive income/(loss) for the year attributable to the shareholders of the Parent Company | 12,109 | (3,740) |
| Other comprehensive income/(loss) for the year attributable to NCI | 8,922 | (2,946) |
| Total other comprehensive income/(loss) for the year | 21,031 | (6,686) |
| Total comprehensive income for the year attributable to the shareholders of the Parent Company | 20,877 | 4,944 |
| Total comprehensive income for the year attributable to NCI | 15,330 | 3,660 |
| Total comprehensive income for the year | 36,207 | 8,604 |
| Dividends paid to non-controlling interests | 4,422 | 1,771 |
| Net cash flows used in operating activities | (1,432) | (2,885) |
| Net cash flows from investing activities | 25,258 | 12,158 |
| Net cash flows used in financing activities | (34,650) | (18,656) |
| Net change in cash flow | (10,824) | (9,383) |

Notes to the consolidated financial statements (continued)

7 Cost of revenue

| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|----------------------------|---|---|
| Direct staff costs | 2,081 | 2,091 |
| Other real estate expenses | 6,088 | 4,390 |
| | 8,169 | 6,481 |

8 Provisions for contribution to KFAS, Zakat and NLST

The provision for contribution to Kuwait Foundation for Advancement of Sciences (KFAS), provision for Zakat and provision for National Labour Support Tax (NLST) of the Parent Company and subsidiaries are as follows:

| | Year ended 31 December 2024 | | | Year ended 31 December 2023 | | |
|-------------------------------|-----------------------------|------------------------|-----------------|-----------------------------|------------------------|-----------------|
| | Parent Company KD'000 | Subsidiaries KD'000 | Total KD'000 | Parent Company KD'000 | Subsidiaries KD'000 | Total KD'000 |
| Provision for contribution to | | | | | | |
| KFAS | - | 82 | 82 | - | 81 | 81 |
| Provision for Zakat | 16 | 161 | 177 | 27 | 145 | 172 |
| Provision for NLST | 247 | 290 | 537 | 253 | 271 | 524 |
| | 263 | 533 | 796 | 280 | 497 | 777 |

9 Net income from associates

| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|---|---|---|
| Share of results of associates (see below) | 13,347 | 11,502 |
| Loss as from associate swap transaction (note 15) | (2,245) | - |
| Gain on bargain purchase of additional interest in an associate (note 15) | 1,104 | - |
| | 12,206 | 11,502 |
| Share of results from associates resulted from the following associates: | | - |
| Tamdeen Shopping Centres Company – KSC (Closed) (15-i) | 6,342 | 5,947 |
| Kuwait National Cinema Company – KPSC (15-ii) | 6,485 | 5,139 |
| Tamdeen Pearl Real Estate Company – KSC (Closed) (15-iii) | 32 | 47 |
| Other associates (15-a) | 488 | 369 |
| | 13,347 | 11,502 |

Notes to the consolidated financial statements (continued)

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

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by the weighted average number of the outstanding shares during the year excluding the treasury shares as follows:

| | Year ended 31 Dec. 2024 | Year ended 31 Dec. 2023 |
|--|-------------------------------|-------------------------------|
| Profit for the year attributable to the owners of the Parent Company (KD'000) | 15,450 | 15,708 |
| Weighted average number of the outstanding shares (excluding treasury shares) (One thousand shares) | 401,498 | 401,498 |
| Basic and diluted earnings per share attributable to owners of the Parent Company | 38.5 Fils | 39.1 Fils |

11 Accounts receivable and other debit balances

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Trade receivables | 2,034 | 1,230 |
| Due from related parties (Note 25) | 54 | 186 |
| Due from sale of trading properties (a) | 471 | 721 |
| Due from sale of real estate plots (b) | 949 | 1,699 |
| Advance payments to contractors | 187 | 1,313 |
| Prepaid expenses | 220 | 223 |
| Accrued income | 59 | 82 |
| Other debit balances | 1,849 | 842 |
| Provision for estimated credit losses (ECL) (c) | 5,823 (677) | 6,296 (814) |
| | 5,146 | 5,482 |

- a) The balances due from sale of trading properties are mainly represented by the amounts due from the sale transaction made by the parent company for investment residential towers units in Tamdeen Square project (Tower B&C) (located in Sabah Al- Salem area) (See Note 13).
- b) The amount due from sale of real estate plots are mainly represented by the amounts due from the sale transaction that has been previously performed by a subsidiary for some of its real estate plots which have been invested in for trading purposes. During the year, the Company collected an amount of KD 750,000. The Group's management considers the credit risk for these amounts as low as the counterparties are reputable with no history of default and confirms that the amounts due are fully collectible from the concerned parties, and that the balances are guaranteed by a related party.
- c) The Group has determined that ECL allowance is KD 677 thousand (31 December 2023: KD814 thousand).

Notes to the consolidated financial statements (continued)

11 Accounts receivable and other debit balances

The movement in the ECL allowance is as follows:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|--|---------------------------|---------------------------|
| Balance as at 1 January | 814 | 583 |
| ECL allowance charged (reversed) during the year | (137) | 231 |
| Balance at end of the year | 677 | 814 |

During the year, the group reversed a provision currently KD200,000 from a related party as it became collectable (note 25).

12 Investments at FVTOCI

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Local managed portfolios | - | 114 |
| Participations in local companies shares | 170,434 | 164,828 |
| Participations in capital of companies located outside Kuwait | 387 | 578 |
| | 170,821 | 165,520 |

- Investments with a fair value totaling KD NIL (31 December 2023: KD28,555 thousand) are mortgaged against term loans (Note 17).
- During the year, the subsidiary sold a part of the investments classified as at fair value through other comprehensive income. The fair value of the shares sold as of the date of disposal amounted to KD14,655 thousand. The relevant accumulated profits amounted to KD 893 thousand, which are held under the Group's fair value reserve.
- Total accumulated profits (as a result of disposal) included in the cumulative changes in fair value, amounted to KD118,805 thousand (31 December 2023: KD114,301 thousand).

Refer note 28.3 for further details relating to the fair value of the above investments.

13 Trading properties

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|-----------------------------------|---------------------------|---------------------------|
| Balance at beginning of the year | 10,713 | 18,914 |
| Purchases (a) | 18,339 | - |
| Disposals due to sale (b) | (4,538) | (8,201) |
| Balance at end of the year | 24,514 | 10,713 |

- During the current year, the Group acquired plots of land in Dasman area in Kuwait from a related party for KD 18,339 thousand (Note 25). The plots are for trading purposes.
- During the current year, some of residential towers units in Tamdeen Square project (Tower B&C). (located in Sabah Al- Salem area) were sold. The sale of these units resulted in a profit of KD 326 thousand (2023: KD 646 thousand) which was recognized in the consolidated statement of profit and loss.

Notes to the consolidated financial statements (continued)

14 Investment properties

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|--|---------------------------|---------------------------|
| Balance at beginning of the year | 186,641 | 163,010 |
| Transferred from investment property under development | 209 | 26,118 |
| Change in fair value during the year | 1,150 | (2,487) |
| Balance at end of the year | 188,000 | 186,641 |

The fair value of investment properties as at 31 December 2024 and 31 December 2023 was determined based on valuations obtained from two independent valuers.

Investment properties are represented by the carrying values of:

1. Al-Kout Mall and Hyatt Regency Hotel Al-Kout Mall (collectively referred to as “Al-Kout Complex”) of KD 163,680 thousand (31 December 2023: KD 162,600 thousand)
2. Souq Al-Kout of KD 320 thousand as at 31 December 2024 (31 December 2023: KD320thousand) which is subject to a B.O.T contract with the Government of Kuwait where the contract terms end in August 2025 (Refer Note 31).
3. Tamdeen Square Tower A of KD24,000 thousand (31 December 2023: KD 23,721 thousand previously classified as an investment property under development at that time).

The estimation of fair value by independent real estate valuers has resulted in a change in fair value as a profit of KD1,150 thousand (31 December 2023: loss of KD 2,487 thousand) being recognized in the consolidated statement of profit or loss (refer Note 28.4).

Investment properties with a carrying value of KD186,321 thousand as at 31 December 2024 (31 December 2023: KD187,680 thousand) are fully mortgaged against term loans (Note 17).

15 Investments in associates

This comprises the investments of the Group in the following associates:

| Company's name | Place of incorporation | 31 December 2024 | | | 31 Dec. 2023 | | |
|---------------------------------|------------------------|------------------|-----------|------------------|--------------|-----------|------------------|
| | | Ownership % | | Amount KD'000 | Ownership % | | Amount KD'000 |
| | | Direct | Indirect* | | Direct | Indirect* | |
| Tamdeen Shopping Centres | | | | | | | |
| Company – KSC (Closed) (15-i) | Kuwait | 30 | 3 | 66,855 | 30 | 2 | 60,404 |
| Kuwait National Cinema (15-ii) | | | | | | | |
| Company – KPSC * | Kuwait | - | 48 | 67,215 | - | 48 | 63,517 |
| Tamdeen Pearl Real Estate | | | | | | | |
| Company – KSC (Closed) (15-iii) | Kuwait | - | 31 | 27,728 | - | 31 | 27,696 |
| Other associates (15-a/b) | Kuwait | - | - | 5,995 | - | - | 6,391 |
| | | | | 167,793 | | | 158,008 |

* Indirect holding through the subsidiary [Tamdeen Investment Company – KPSC].

Notes to the consolidated financial statements (continued)

15 Investments in associates (continued)

- During the current year, the Subsidiary Tamdeen Investment company entered into agreements for restructuring and swap agreements for certain companies. Based on these agreements, the Subsidiary disposed of its entire stake in ROF international for Food Company (an associate) and the related current accounts in exchange for acquiring ownership interests of 24.9% and 34.3% in the capital of the Caf Fa Restaurant & Café Company (an associate) and watchamin restaurant company (an associate) respectively. The group recorded a loss resulting from the Swap of KD2,245 thousand in the consolidated income statement for the current year.
- The group's share of the provisional value of net assets acquired amounted to KD 27 thousand, While the provisional goodwill resulting from the acquisition amounted to KD 1,431 thousand as of December 31, 2024, the purchase consideration of the acquisition has been allocated to the acquired assets and liabilities using the preliminary provisional values at the acquisition date until finalization of purchase price allocation process. Recorded goodwill based on provisional purchase price allocation represents the excess of the purchase consideration over the provisional value of identifiable net assets of the acquired assets of the acquired entities. The allocation of the purchase price may be modified within a period of twelve months from the date of acquisition, as more information is to be obtained about the fair value for assets acquired and liabilities assumed, including alignment in business model, if needed.

That abovementioned transaction was eliminated when preparing the cash flows as it is a non-cash transaction.

- During the year, the Group increased its Ownership interest in the associate Tamdeen Shopping Centres from 2.34% to 3.24%. By an amount of KD 979 thousand This transaction resulted in a bargain gain on the purchase of additional shares in the associate, amounting to KD 1,104 thousand in the consolidated income statement for the current year.
- (a) Summarised financial information in respect of each of the Group's material associates, are set out in the following notes (i,ii,iii). The summarised financial information in these notes represents the amounts presented in the audited financial statements of those associates (and not the Group's share in these amounts) adjusted for differences in accounting policies between the Group and the associate, if any.

(i) Tamdeen Shopping Centres Company – KSC (Closed) (unquoted)

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|--|---------------------------|---------------------------|
| Non-current assets | 442,139 | 441,094 |
| Current assets | 123,219 | 83,574 |
| Non-current liabilities | (249,371) | (228,253) |
| Current liabilities | (101,811) | (95,026) |
| Non-controlling interest | (6,853) | (6,654) |
| Equity attributable to the shareholders of the associate | 207,323 | 194,735 |

Notes to the consolidated financial statements (continued)

15 Investments in associates (continued)

(i) Tamdeen Shopping Centres Company – KSC (Closed) (unquoted) -Continued

| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|--|---|---|
| Revenue | 58,252 | 52,423 |
| Profit for the year attributable to the associate's shareholders | 18,937 | 18,387 |
| Other comprehensive income for the year | 1,150 | 1,052 |
| Total comprehensive income for the year attributable to the associate's shareholders | 20,087 | 19,439 |
| Group's share in results of the associate – note 9 | 6,342 | 5,947 |

A reconciliation of the above summarised financial information to the carrying value of the investment in Tamdeen Shopping Centres Company – KSC (Closed) is set out below:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Net assets of the associate attributable to the shareholders of the associate | 207,323 | 194,735 |
| Group's share in the associate | 33.49% | 32.34% |
| Other adjustments | (2,577) | (2,577) |
| Carrying value of the investment | 66,855 | 60,404 |

(ii) Kuwait National Cinema Company – KPSC (quoted)

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|--|---------------------------|---------------------------|
| Non-current assets | 200,403 | 202,666 |
| Current assets | 47,359 | 38,379 |
| Non-current liabilities | (102,675) | (96,316) |
| Current liabilities | (38,974) | (46,070) |
| Non-controlling interests | (15) | (15) |
| Equity attributable to the shareholders of the associate | 106,098 | 98,644 |

| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|---|---|---|
| Revenue | 37,729 | 29,700 |
| Profit for the year | 13,390 | 10,625 |
| Other comprehensive loss for the year | (2,137) | (3,853) |
| Total comprehensive income for the year | 11,253 | 6,771 |
| Dividends received from the associate during the year | 3,584 | 2,688 |
| Group's share in results of the associate – note 9 | 6,485 | 5,139 |

A reconciliation of the above summarised financial information to the carrying value of the investment in Kuwait National Cinema Company – KPSC is set out below:

Notes to the consolidated financial statements (continued)

15 Investments in associates (continued)

(ii) Kuwait National Cinema Company – KPSC (quoted) - continued

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Net assets of the associate attributable to the shareholders of the associate | 106,099 | 98,644 |
| Group's share in the associate | 48.5% | 48.4% |
| Goodwill | 15,748 | 15,748 |
| Carrying value of the investment | 67,215 | 63,517 |

The investment in this associate is partially secured against term loans (Note 17) with a carrying value of NIL KD (31 December 2023: KD 17,777 thousand).

(iii) Tamdeen Pearl Real Estate Company – KSC (Closed) (unquoted)

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|--|---------------------------|---------------------------|
| Total assets | 231,791 | 232,695 |
| Total liabilities | (136,080) | (137,111) |
| Non-controlling interests | (5,511) | (5,487) |
| Equity attributable to the shareholders of the associate | 90,200 | 90,097 |

| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|--|---|---|
| Revenue | 6,886 | 3,540 |
| Profit for the year | 99 | 150 |
| Total comprehensive income for the year | 99 | 150 |
| Group's share in results of the associate – note 9 | 32 | 47 |

A reconciliation of the above summarised financial information to the carrying value of the investment in Tamdeen Pearl Real Estate Company – KSC (Closed) is set out below:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Net assets of the associate attributable to the shareholders of the associate | 90,200 | 90,097 |
| Group share in the associate | 30.74% | 30.74% |
| Carrying value of the investment | 27,728 | 27,696 |

Notes to the consolidated financial statements (continued)

15 Investments in associates (continued)

All the associates of the Group are not listed in active markets except for Kuwait National Cinema Company – KPSC and the fair value of the Group's investments in this associate amounted to KD49,554 thousand as at 31 December 2024 (31 December 2023: KD 53,631 thousand). The Group's management emphasizes that the investment amount in Kuwait National Cinema Company does not have a permanent decline in value based on an estimate of its recoverable value, which is estimated using the value in-use method (refer note 5.2.3).

(a) Aggregate information of the associates that are not individually material to the Group:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| The Group's share of results – note 9 | 488 | 369 |
| Aggregate carrying amount of the Group's share in these associates as of the reporting date | 5,995 | 6,391 |

(b) The Group's share of results of other associates has been recorded based on the latest available (audited/unaudited) financial information prepared by the managements of these associates for the year ended 31 December 2024.

16 Due to banks

Due to banks represent the balances of the overdraft facilities and the Murabaha working capital facility which are granted to the Group by local banks to finance the working capital and the real estate activities. They are repayable on demand and carries interest rate at 1% (2023: 1%) per annum above the CBK discount rate.

17 Term loans

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Term loans (a) | 141,191 | 146,459 |
| Average interest rate range (above the CBK discount rate) | 0.75%-1% | 0.75 % - 1% |

a) Term loans of KD65,500 thousand (31 December 2023: KD67,500 thousand) are contractually due after more than one year. The remaining term loans of KD75,691 thousand (31 December 2023: KD78,959 thousand) are maturing within one year and renewed periodically.

b) The loans granted to the subsidiaries totalling to KD60,000 thousand (31 December 2023: KD71,500 thousand) are against the mortgage of investments in shares with a fair value of NIL KD (31 December 2023: KD28,555 thousand) (Note 12), a mortgage of investments in associates by an amount of NIL KD (31 December 2023: KD17,777 thousand) (Note 15) and a mortgage of investment properties of KD163,680 thousand (31 December 2023: 162,200 thousand) (Note 14)

Notes to the consolidated financial statements (continued)

18 Accounts payable and other credit balances

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Retentions against executed works | 463 | 4,354 |
| Rental received in advance | 1,162 | 600 |
| Accrued interest, leave and other expenses | 4,045 | 4,540 |
| Lease liability | 1,032 | 1,240 |
| Due to related parties (Note 25) | 218 | 35 |
| Dividends payable to shareholders | 325 | 322 |
| Advance payments received from customers | 196 | 239 |
| Accrued construction costs | 418 | 562 |
| Payable on acquisition of intangible assets | 1,685 | 2,595 |
| Provisions and other credit balances | 6,352 | 7,400 |
| | 15,896 | 21,887 |

19 Share capital

As at 31 December 2024, the authorized, issued and fully paid share capital in cash of the Parent Company is comprised of 431,933 thousand shares of 100 fils each (31 December 2023: 431,933 thousand shares of 100 fils each). The share premium is not available for distribution.

20 Treasury shares

| | 31 Dec. 2024 | 31 Dec. 2023 |
|-----------------------------|-----------------|-----------------|
| Number of shares - share | 30,435,250 | 30,435,250 |
| Percentage of issued shares | 7.04% | 7.04% |
| Market value (KD'000) | 11,261 | 10,774 |
| Cost (KD'000) | 11,981 | 11,981 |

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

21 Reserves

In accordance with the Companies Law, 10% of the profit attributable to the owners of the Parent Company before provision for contribution to KFAS, provision for Zakat, provision for NLST and board of directors' remuneration is transferred each year to the statutory reserve until such time that the balance of the statutory reserve account equals 50% of the balance of the paid-up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of dividends of 5% of paid-up share capital to be made in years when retained earnings are insufficient for the payment of dividends of that amount.

10% of the profit attributable to the owners of the Parent Company before provision for contribution to KFAS, provision for Zakat, provision for NLST and board of directors' remuneration is also transferred to the voluntary reserve, and this transfer could be ceased based on the decision of the Parent Company's board of directors. Transfers to the voluntary reserve are made in accordance with the recommendation of the Parent Company's board of directors to the general assembly.

Notes to the consolidated financial statements (continued)

21 Reserves (continued)

No transfer is required in a year in which the Parent Company has incurred a loss or when cumulative losses exist.

The amounts transferred during the year to the statutory and voluntary reserves attributable to the Parent Company have been calculated as follows:

| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
|---|---|---|
| Profit for the year | 21,858 | 22,315 |
| Less: | | |
| Profit attributable to non-controlling interests | (6,408) | (6,607) |
| Profit attributable to owners of the Parent Company | 15,450 | 15,708 |
| Add: | | |
| Board of directors' remuneration of the Parent Company | 35 | 35 |
| Provision for Zakat (Note 8) | 16 | 27 |
| Provision for NLST of the Parent Company (Note 8) | 247 | 253 |
| Profit attributable to owners of the Parent Company before provision for contribution to KFAS, provision for Zakat, provision for NLST and board of directors' remuneration | 15,748 | 16,023 |
| Transferred to the statutory reserve (10%) | 1,574 | 1,602 |
| Transferred to voluntary reserve (10%) | 1,574 | 1,602 |

22 Annual general assembly of shareholders and proposed dividends and remunerations

The Parent Company's board of directors proposed to distribute cash dividends to the shareholders for the year ended 31 December 2024 at 18% or equivalent to 18 fils per share of the paid-up share capital. It also proposed to pay the board of directors' remuneration of KD 35 thousand. These proposals are subject to approval of the general assembly of shareholders.

The general assembly of shareholders, held on 8 April 2024, approved the consolidated financial statements for the year ended 31 December 2023 and the board of directors' proposal to distribute cash dividends to shareholders at 18%, or equivalent to 18 fils per share and equivalent to KD 7,227 thousand, of the paid-up share capital for the year ended 31 December 2023 as well as the board of directors' remuneration of KD 35 thousand (The general assembly of shareholders, held on 17 April 2023, approved the consolidated financial statements for the year ended 31 December 2022 and the board of directors' proposal to distribute cash dividends to shareholders at 12%, or the equivalent to 12 fils per share and equivalent to KD 4,818 thousand, of the paid-up share capital for the year ended 31 December 2022. Furthermore, it approved the board of directors' remuneration of KD 35 thousand).

Notes to the consolidated financial statements (continued)

23 Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following balances of the consolidated statement of financial position:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|--|---------------------------|---------------------------|
| Cash on hand, bank balances and portfolios | 12,544 | 7,428 |
| Term deposits | 3,775 | 20,010 |
| | 16,244 | 27,438 |
| Short-term deposits with contractual maturity exceed 3 months and less than 1 year | (3,075) | (75) |
| Cash and cash equivalents for the purpose of consolidated statement of cash flows | 13,169 | 27,363 |

Short-term deposits earn interest at average annual rate ranging from 3% to 5.49% (2023: annual rate ranging from 2.64% to 5.45%).

24 Segmental analysis

The Group activities are concentrated in two main segments: Real Estate and Investment. The segments' results are reported to the top management in the Group. The activities of the Group are principally carried out within the State of Kuwait; With the exception of participations in capital of companies located outside Kuwait (Note 12), all of the assets and liabilities are located inside Kuwait.

The following is the segments information, which conforms with the internal reporting presented to management:

| | Real estate KD'000 | Investment KD'000 | Total KD'000 |
|---------------------------------------|-----------------------|----------------------|-----------------|
| Year ended 31 December 2024 | | | |
| Gross income | 26,467 | 20,941 | 47,408 |
| Profit for the year | 4,765 | 17,093 | 21,858 |
| Total assets | 200,954 | 379,078 | 580,032 |
| Total liabilities | (165,467) | (9,743) | (175,210) |
| Total equity | 35,487 | 369,335 | 404,822 |
| Year ended at 31 December 2023 | | | |
| Gross income | 24,883 | 21,807 | 46,690 |
| Profit for the year | 4,450 | 17,865 | 22,315 |
| Total assets | 187,711 | 374,881 | 562,592 |
| Total liabilities | (163,141) | (21,734) | (184,875) |
| Total equity | 24,570 | 353,147 | 377,717 |

Notes to the consolidated financial statements (continued)

25 Related party transactions

Related parties represent subsidiaries, associates, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note.

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

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|--|---|---|
| Consolidated statement of financial position | | |
| Accounts receivable and other debit balances (Note 11) | 54 | 186 |
| Accounts payable and other credit balances (Note 18) | 218 | 35 |
| <hr/> | | |
| | Year ended 31 Dec. 2024 KD'000 | Year ended 31 Dec. 2023 KD'000 |
| Consolidated statement of profit or loss | | |
| Operating revenue | 583 | 724 |
| Reversal of provision (due from related parties) – note 11 | 200 | - |
| Income from management and consultancy fees | 1,053 | 984 |
| Cost of revenue | 2,062 | 1,978 |
| General, administrative and other expenses | 1,360 | 1,289 |
| Bargain Gain on Purchase of additional shares in an Associate | 1,104 | - |
| Gain on sale of subsidiaries (Note 6.1) | - | 860 |
| Benefits of the group's key management | | |
| Salaries, incentives and short-term benefits for the key management and the Board of Directors remuneration | 961 | 1,012 |
| <hr/> | | |
| Purchase of an additional interest in a subsidiary (Note 6.1) | - | 6,615 |
| Purchase of Trading Properties Note (13) | 18,339 | - |
| Purchase of additional shares in an associate Note (15) | 979 | - |
| Proceeds from sale and liquidation of subsidiaries | - | 2,460 |
| <hr/> | | |
| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
| Contra accounts – off consolidated statement of financial position items | | |
| Net book value of customers' portfolios (major shareholders) managed by Tamdeen Investment Company – KPSC (subsidiary) (Note 27) | 189,661 | 148,741 |

Notes to the consolidated financial statements (continued)

26 Contingent liabilities

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|------------------------|---------------------------|---------------------------|
| Contingent liabilities | 2,582 | 2,638 |

27 Contra accounts – off consolidated statement of financial position items

One of the subsidiaries [Tamdeen Investment Company – KPSC] manages investment portfolios for third parties which had a net book value of KD 188,861 thousand as at 31 December 2024 (31 December 2023: KD221,039 thousand) including 189,661 thousand (31 December 2023: KD148,741 thousand) related to portfolios for related parties (Note 25). These balances are not included in the consolidated statement of financial position.

28 Summary of financial assets and liabilities by category and fair value measurement

28.1 Categories of financial assets and liabilities

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

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Financial assets | | |
| Financial assets at amortised cost: | | |
| - Accounts receivable and other debit balances (excluding advance payments to contractors and prepaid expenses) | 4,739 | 3,946 |
| - Cash and bank balances | 16,244 | 27,438 |
| Financial assets at fair value: | | |
| - Investments at fair value through other comprehensive income | 170,821 | 165,520 |
| Total financial assets | 191,804 | 196,904 |
| Financial liabilities | | |
| Financial liabilities at amortised cost: | | |
| - Due to banks | 9,374 | 6,990 |
| - Term loans | 141,191 | 146,459 |
| - Accounts payable and other credit balances | 15,862 | 21,887 |
| - Refundable rental deposits | 6,578 | 7,551 |
| Total financial liabilities | 173,005 | 182,887 |

28.2 Fair value measurement

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. Investments at fair value through other comprehensive income are carried at fair value and measurement details are disclosed in note 28.3 to the consolidated financial statements. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are at amortised costs is considered a reasonable approximation of their fair values. The Group also measures non-financial assets such as investment properties at fair value at each annual reporting date (note 14 and 28.4).

Notes to the consolidated financial statements (continued)

28 Summary of financial assets and liabilities by category and fair value measurement (continued)

28.3 Fair value hierarchy

All financial assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

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

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

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

| | Note | Level 1 KD'000 | Level 2 KD'000 | Level 3 KD'000 | Total KD'000 |
|---|------|-------------------|-------------------|-------------------|-----------------|
| Financial assets at fair value at 31 December 2024 | | | | | |
| Investments at FVTOCI | | | | | |
| - Participations in local companies shares | | | | | |
| • Quoted shares | a | 170,169 | - | - | 170,169 |
| • Unquoted shares | b | - | - | - | - |
| - Participations in capital of companies located outside Kuwait | | | | | |
| • Unquoted shares | b | - | - | 265 | 265 |
| | | | | 387 | 387 |
| | | 170,169 | - | 652 | 170,821 |
| Financial assets at fair value at 31 December 2023 | | | | | |
| Investments at FVTOCI | | | | | |
| - Local managed portfolios | | | | | |
| • Quoted shares | a | 114 | - | - | 114 |
| - Participations in local companies shares | | | | | |
| • Quoted shares | a | 164,585 | - | - | 164,585 |
| • Unquoted shares | b | - | - | 243 | 243 |
| - Participations in capital of companies located outside Kuwait | | | | | |
| • Unquoted shares | b | - | - | 578 | 578 |
| | | 164,699 | - | 821 | 165,520 |

There have been no significant transfers between levels 2 during the reporting period.

Notes to the consolidated financial statements (continued)

28 Summary of financial assets and liabilities by category and fair value measurement (continued)

28.3 Fair value hierarchy (continued)

Measurement at fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted shares (level 1)

The quoted shares present all listed shares that are traded in the financial markets. The fair values are determined by reference to the latest bid prices at the reporting date.

b) Unquoted shares (level 3)

The fair value of unquoted shares is determined by using valuation techniques. Fair value for the unquoted shares investments are approximately total estimated value of underlying investments as if realised on the date of the consolidated statement of financial position. The investment managers in determining the fair value of these investments use a variety of methods and makes assumptions that are based on market conditions existing at each consolidated financial position date. Investment managers also used techniques such as discounted cash flow analysis, recent transactions prices and market multiples to determine fair value.

With regard to certain other unquoted shares, information is limited to periodic financial reports submitted by the managers of the investment. These investments are stated at net assets value reported by the managers of the investment. Due to the nature of these investments, net assets value reported by the managers of the investment represents the best estimation of available fair values for these investments.

Level 3 - fair value measurements

Reconciliation of level 3 fair value measurements is as follows:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|--------------------------------------|---------------------------|---------------------------|
| Balance as at 1 January | 821 | 817 |
| Additions | 22 | - |
| Disposal | (191) | - |
| Change in fair value during the year | - | 4 |
| Balance as at 31 December | 652 | 821 |

Notes to the consolidated financial statements (continued)

28 Summary of financial assets and liabilities by category and fair value measurement (continued)

28.3 Fair value hierarchy (continued)

The level 3 investments have been fair valued as follows:

| Financial assets | Valuation techniques and key input | Significant unobservable input | Relationship of unobservable input to fair value |
|------------------|---|---|--|
| Unquoted shares | Market comparison and adjusted book value | Discount rates and book value adjusted with market risk | The higher discount rates and the market risk the lower the fair value |

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the consolidated statement of profit or loss and other comprehensive income, total assets, total liabilities or total equity.

28.4 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2024 and 31 December 2023:

| | Level 1 KD'000 | Level 2 KD'000 | Level 3 KD'000 | Total KD'000 |
|--|-------------------|-------------------|-------------------|-----------------|
| 31 December 2024 | | | | |
| Investment properties: | | | | |
| - Al-Kout Mall and Hyatt Regency Hotel | - | - | 163,680 | 163,680 |
| - Al-Kout Mall (Al-Kout Complex) | - | - | 320 | 320 |
| - Souq Al-Kout | - | - | 24,000 | 24,000 |
| - Tamdeen Square Tower A | - | - | 188,000 | 188,000 |
| | - | - | 188,000 | 188,000 |
| 31 December 2023 | | | | |
| Investment properties: | | | | |
| - Al-Kout Mall and Hyatt Regency Hotel | - | - | 162,600 | 162,600 |
| - Al-Kout Mall (Al-Kout Complex) | - | - | 320 | 320 |
| - Souq Al-Kout | - | - | 23,721 | 23,721 |
| - Tamdeen Square Tower A | - | - | 186,641 | 186,641 |
| | - | - | 186,641 | 186,641 |

The fair value of the investment properties has been determined, based on the lower of two valuations obtained from two independent valuers (one of the valuers is a bank located in Kuwait), who are specialized in valuing this type of investment properties. The two valuers have valued the investment properties using multiple methods such as the yield method and others; being a combination of the market comparison approach for the land and cost approach minus depreciation for buildings. They also used other methods such as discounted cashflows and the market comparison approach in arriving at the fair value. When the market comparison approach is used, adjustments have been incorporated for factors specific to the properties in question, including property size, location, economic condition, similar property prices in surrounding area and permitted activities on the property.

Notes to the consolidated financial statements (continued)

28 Summary of financial assets and liabilities by category and fair value measurement (continued)

Level 3 - fair value measurements

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

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---------------------------|---------------------------|---------------------------|
| Opening balance | 186,641 | 184,010 |
| Additions during the year | 209 | 2,563 |
| Changes in fair value | 1,150 | 68 |
| Closing balance | 188,000 | 186,641 |

29 Risk management objectives and policies

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

The Parent Company's board of directors are ultimately responsible for the overall risk management and for approving risk strategies and principles. The Group's risk management is carried out by investment management and audit committee and focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance through internal risk reports. Long term financial investments are managed to generate lasting returns.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The most significant financial risks to which the Group is exposed to are as follows:

29.1 Market risk

a) Foreign currency risk

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

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

To mitigate the Group's exposure to foreign currency risk, management monitors a balances of assets and liabilities exposed to the foreign currency risk to minimize fluctuations and enter into forward foreign exchange contracts, if needed, in accordance with the Group's risks management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from long-term cash flows. Where the amounts to be paid and received in specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward foreign exchange contracts may be entered into for significant long-term foreign currency exposures that are not expected to be offset by other foreign currency transactions.

Notes to the consolidated financial statements (continued)

29 Risk management objectives and policies (continued)

29.1 Market risk (continued)

a) Foreign currency risk (continued)

The Group had the following significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|-----------|---------------------------|---------------------------|
| US Dollar | 5,741 | 16,038 |

If the Kuwaiti Dinar had strengthened/weakened against the foreign currencies by 5%, then this would have direct impact on the equity by an amount of nil (31 December 2023: KD nil thousand).

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

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to its short term deposits, and its borrowings (term loans and due to banks). The borrowings mainly represent short- and long-term borrowings and bear fixed or variable interest rates. The management has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods.

Positions are monitored on a regular basis and hedging strategies maybe used to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the profit for the year to a reasonably possible change in interest rates of +0.5% and – 0.5% (31 December 2023: +0.5 % and – 0.5%) retrospectively from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition. The calculations are based on the Group's financial instruments exposed to interest rate risk held at the date of the consolidated statement of financial position. All other variables are held constant. There has been no change during this year in the methods and assumptions used in preparing the sensitivity analysis.

| | Year ended 31 Dec. 2024 | | Year ended 31 Dec. 2023 | |
|-------------------------------|-------------------------|-------------------|-------------------------|-------------------|
| | + 0.5 % KD'000 | - 0.5 % KD'000 | + 0.5 % KD'000 | - 0.5 % KD'000 |
| Effect on profit for the year | (493) | 493 | (552) | 552 |

c) Price risk

The Group is exposed to equity price risk with respect to its equity investments. Equity investments are classified either as investments at fair value through profit or loss (including trading securities) and investments at fair value through other comprehensive income. The Group's investments are listed on the Kuwait Stock Exchange and other Gulf markets.

Notes to the consolidated financial statements (continued)

29 Risk management objectives and policies (continued)

29.1 Market risk (continued)

c) Price risk (continued)

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

The sensitivity analyses below have been determined based on the exposure to equity price risks at the date of the consolidated financial statements. There has been no change in the methods and assumptions used in the preparation of the sensitivity analysis.

If the prices of securities had been 5% higher/lower, the effect on equity for the year ended 31 December would have been as follows:

| | <u>Equity</u> | |
|----------------------------------|---------------------------|---------------------------|
| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
| Market Stock Exchange index + 5% | 8,508 | 8,235 |
| Market Stock Exchange index – 5% | (8,508) | (8,235) |

29.2 Credit risk

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

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

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Cash and bank balances | 16,244 | 27,438 |
| Accounts receivable and other debit balances (excluding advance payments to contractors and prepaid expenses) | 4,739 | 3,946 |
| | 20,983 | 31,384 |

The credit risk for bank balances and deposits included within cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions with high credit quality.

Credit risk details relating to accounts receivable are disclosed in Note 11.

Notes to the consolidated financial statements (continued)

29 Risk management objectives and policies (continued)

29.3 Concentration of assets by location

The distribution of assets by geographic region was as follows:

| | Kuwait KD'000 | Other middle east countries & Europe KD'000 | Total KD'000 |
|--|------------------|---|-----------------|
| At 31 December 2024 | | | |
| Geographic region: | | | |
| Cash and bank balances | 16,244 | - | 16,244 |
| Accounts receivable and other debit balances | 5,146 | - | 5,146 |
| Investments at FVTOCI | 170,434 | 387 | 170,821 |
| Trading properties | 24,514 | - | 24,514 |
| Investment properties | 188,000 | - | 188,000 |
| Investments in associates | 167,793 | - | 167,793 |
| Intangible assets | 1,866 | - | 1,866 |
| Other assets | 5,648 | - | 5,648 |
| | 579,645 | 387 | 580,032 |
| At 31 December 2023 | | | |
| Geographic region: | | | |
| Cash and bank balances | 13,458 | 13,980 | 27,438 |
| Accounts receivable and other debit balances | 5,482 | - | 5,482 |
| Investments at FVTOCI | 164,942 | 578 | 165,520 |
| Trading properties | 10,713 | - | 10,713 |
| Investment properties | 186,641 | - | 186,641 |
| Investments in associates | 158,008 | - | 158,008 |
| Intangible assets | 2,826 | - | 2,826 |
| Other assets | 5,964 | - | 5,964 |
| | 548,034 | 14,558 | 562,592 |

29.4 Liquidity risk

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

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

The maturity profile for the investments at FVTOCI, investment properties and investment in associates is determined based on management's estimate of liquidation of those investments.

Notes to the consolidated financial statements (continued)

29 Risk management objectives and policies (continued)

29.4 Liquidity risk (continued)

Maturity profile of assets and liabilities are as follows:

| | 31 December 2024 | | | 31 December 2023 | | |
|--|-------------------------------|--------------------------|-----------------|-------------------------------|--------------------------|-----------------|
| | Less than 1 year KD'000 | Over 1 year KD'000 | Total KD'000 | Less than 1 year KD'000 | Over 1 year KD'000 | Total KD'000 |
| Assets | | | | | | |
| Cash and bank balances | 16,244 | - | 16,244 | 27,438 | - | 27,438 |
| Accounts receivable and other debit balances | 5,146 | - | 5,146 | 5,482 | - | 5,482 |
| Investments at FVTOCI | - | 170,821 | 170,821 | 28,555 | 136,965 | 165,520 |
| Trading properties | 24,514 | - | 24,514 | 10,713 | - | 10,713 |
| Investment properties | - | 188,000 | 188,000 | - | 186,641 | 186,641 |
| Investments in associates | - | 167,793 | 167,793 | 17,777 | 140,231 | 158,008 |
| Intangible assets | - | 1,866 | 1,866 | - | 2,826 | 2,826 |
| Other assets | - | 5,648 | 5,648 | - | 5,964 | 5,964 |
| | 45,904 | 534,128 | 580,032 | 89,965 | 472,627 | 562,592 |
| Liabilities | | | | | | |
| Due to banks | 9,374 | - | 9,374 | 6,990 | - | 6,990 |
| Term loans | 75,691 | 65,500 | 141,191 | 78,959 | 67,500 | 146,459 |
| Accounts payable and other credit balances | 7,924 | 7,972 | 15,896 | 9,067 | 12,820 | 21,887 |
| Refundable rental deposits | - | 6,578 | 6,578 | - | 7,551 | 7,551 |
| Provision for employees end of service benefits | - | 2,171 | 2,171 | - | 1,988 | 1,988 |
| | 92,989 | 82,221 | 175,210 | 95,016 | 89,859 | 184,875 |

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

| | Up to 1 month KD'000 | 1-3 months KD'000 | 3-12 months KD'000 | Above 1 year KD'000 | Total KD'000 |
|---|----------------------------|-------------------------|--------------------------|---------------------------|-----------------|
| 31 December 2024 | | | | | |
| Financial liabilities (undiscounted) | | | | | |
| Due to banks | 3,706 | - | 5,668 | - | 9,374 |
| Term loans | - | 2,206 | 77,799 | 68,629 | 148,634 |
| Accounts payable and other credit balances | 452 | 2,630 | 5,854 | 6,960 | 15,896 |
| Refundable rental deposits | - | - | - | 6,578 | 6,578 |
| Provision for employees' end of service benefits | - | - | - | 2,171 | 2,171 |
| | 4,158 | 4,836 | 89,321 | 84,338 | 182,653 |
| 31 December 2023 | | | | | |
| Financial liabilities (undiscounted) | | | | | |
| Due to banks | 2,486 | - | 4,504 | - | 6,990 |
| Term loans | - | 3,460 | 77,330 | 72,912 | 153,702 |
| Accounts payable and other credit balances | 238 | 2,057 | 6,772 | 12,820 | 21,887 |
| Refundable rental deposits | - | - | - | 7,551 | 7,551 |
| Provision for employees' end of service benefits | - | - | - | 1,988 | 1,988 |
| | 2,724 | 5,517 | 88,606 | 95,271 | 192,118 |

Notes to the consolidated financial statements (continued)

30 Capital management objectives

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

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

The capital structure of the Group consists of the following:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---|---------------------------|---------------------------|
| Due to banks | 9,374 | 6,990 |
| Term loans | 141,191 | 146,459 |
| Less: Cash and bank balances | (16,244) | (27,438) |
| Net debt | 134,321 | 126,011 |
| Equity attributable to owners of the Parent Company | 257,375 | 230,019 |
| Non-controlling interests | 147,447 | 147,698 |
| Total capital | 539,143 | 503,728 |

The Group manages the capital structure on the basis of the gearing ratio. This gearing ratio is calculated as net debt divided by total capital as follows:

| | 31 Dec. 2024 KD'000 | 31 Dec. 2023 KD'000 |
|---------------|---------------------------|---------------------------|
| Net debt | 134,321 | 126,011 |
| Total capital | 539,143 | 503,728 |
| Gearing ratio | 25% | 25% |

31 Legal cases

During the current year, an international arbitration tribunal rendered a decision regarding the account settlement with Nasa Construction General Trading and Contracting Company - W.L.L (the Claimant), as the main contractor for the construction of Tamdeen Square towers project in Sabah Al Salem area. The ruling was in favor of the Claimant for an amount of KD 1,922 thousand, including arbitration fees, attorney fees, in addition to the retention amount of KD 3,811 thousand, given that the Parent Company recognised an amount of KD 740 thousand, within general and administrative expenses for the period in the statement of profit or loss being the difference between the total amount awarded to the claimant and the total accounts payable and provisions recorded in the Parent Company's books.

Notes to the consolidated financial statements (continued)

31 Legal cases (continued)

During 2020, an administrative appeal judgment was issued in favor of the Ministry of Finance (“MOF”) in the case filed by the MOF requesting an increase in the rental amount of the Fahaheel Waterfront Development Project “Souq Al Kout” obligating the Parent Company to pay an amount of KD 213,000 for the use of the project instead of KD 75,000, effective from 1 October 2007 to 30 September 2019. Both the MOF and the Company appealed by cassation against the judgment. The Company’s appeal included an urgent request to suspend the execution of the judgment pending a decision on the appeal. On 9 December 2020, the Court of Cassation issued a decision approving the request to suspend the execution of the judgment until a decision is issued on both appeals, which were joined together. On 24 May 2023, the Court of Cassation ruled to dismiss the MOF’s appeal and to reverse the judgment issued in the Company’s appeal, referring the case file to the Experts Department to delegate a tripartite committee to carry out the assignment specified in the judgment. The case was deliberated before the tripartite committee, and the Parent Company responded to the expert requests and presented its defense. However, the MOF did not attend any of the hearing sessions despite being notified. Consequently, the Experts Department returned the case file to the Court as it was not possible to carry out the assigned task. The case was deliberated before the Court of Cassation, and in a session held on 18 December 2024, the Court decided to refer the case back to the Experts Department, with no hearing date set before the expert committee to date. Furthermore, the appeal judgment, if upheld by the Court of Cassation, will not have any significant financial impact on the consolidated financial statements, as the Group has previously made the necessary provisions to cover the amount subject to the judgment.

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