Al Mal Investment Company K.P.S.C. And Its Subsidiaries
State of Kuwait

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

Al Mal Investment Company K.P.S.C. And Its Subsidiaries
State of Kuwait

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

Contents	**Pages**

A member of Nexia International
Nazar & Partners
Authorized Auditors & Consultants

INDEPENDENT AUDITOR'S REPORT

**TO / THE SHARE HOLDERS OF AL MAL INVESTMENT COMPANY K.P.S.C.
STATE OF KUWAIT**

Qualified Opinion

We have audited the consolidated financial statements of Al Mal Investment Company K.P.S.C. (The "Parent Company") And Its Subsidiaries (the "Group"), which comprise of consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion of our report, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

1.As stated in Note (4.3) to the attached consolidated financial statements, the Group owns subsidiaries (Al Mal International for Project Management Company W.L.L., Al Mal Qatari Holding Company K.S.C. (Closed), Al Mal Saudi Investment Company LLC) ("Subsidiaries"). The subsidiaries have been consolidated based on financial statements prepared by the management of the subsidiaries due to the unavailability of audited financial statements for the subsidiaries and the ownership of these companies. We were unable to obtain sufficient appropriate audit evidence regarding the financial position of the subsidiaries as at 31 December 2024 and, accordingly, were unable to determine the extent to which any adjustments to the consolidated financial statements for the year ended 31 December 2024 are necessary.

2.During the year, Diyar Al Kuwait Real Estate Company K.S.C. (Holding) (a subsidiary) regained control of the Egyptian Saudi Company for Tourism and Real Estate Investment – S.A.E., resulting in the reclassification of the investment recorded in the company's books from an associate company with a 50.82% ownership stake to a subsidiary, without any change in the ownership percentage. Diyar Al Kuwait Real Estate Company K.S.C. (Holding) did not value the Egyptian Saudi Company for Tourism and Real Estate Investment – S.A.E. at the date of regaining control and instead recorded this investment based on the audited financial statements for the financial year ended 31 December 2024, which is not in compliance with the requirements of International Financial Reporting Standards.

3. As shown in Note No. (13) to the attached consolidated financial statements, the value of bonds payable amounted to KD 900,000 as of 31 December 2024 (2023: KD 900,000). We were unable to obtain any information from the parent company regarding any agreement with the bondholders to extend the maturity date or the mechanism for paying these balances until the date of preparation of the attached financial statements, and therefore, we were unable to determine whether it was necessary to make any amendments to the consolidated financial statements for the year ending 31 December 2024.

Emphasis of matter

We would like to draw attention to the following:

1. As shown in Note No. (4.3) of the attached consolidated financial statements, we would like to point out that there is a dispute between Al Mal Saudi Investment Company (a subsidiary) and the General Authority of Zakat and Income regarding the zakat assessment for previous years since incorporation until the last financial statements prepared for the company. With total amounts estimated by the Zakat Authority at 20,874,790 Saudi Riyals (equivalent to KD 1,681,943).

2. As shown in Note No. (8) to the attached consolidated financial statements, there are lawsuits related to the outcome of the legal dispute to recover the group's refundable development expenses, these lawsuits are still being circulated in the related courts until the date of the attached financial statements report.

3. As shown in Note (2) to the attached consolidated financial statements, the accumulated losses of the group amounted to KD 29,685,384 as of 31 December 2024 (2023: KD 29,665,847) In addition, the group's current liabilities exceeded its current assets by KD 3,861,645 (2023: KD 2,563,808). These events or conditions, together with other matters as described in the note below, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue its business as a going concern. Management expects that the Group has sufficient resources to continue its operational existence in the near future and therefore the accompanying consolidated financial statements have been prepared on a going concern basis. However, we were unable to obtain sufficient appropriate audit evidence regarding the plan developed by management to deal with these events and circumstances. Therefore, we were unable to determine whether management's use of the going concern basis of accounting was appropriate and whether any Amendments would be necessary in relation to the amounts recorded in the consolidated financial statements as of 31 December 2024 if the Group is unable to continue its operational presence in the near future.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial statements for the current year, and these matters are discussed in the context of our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. Below are details of the key audit matters that we identified and how we addressed each of these matters in the context of our audit thereof.

Financial assets at fair value through the statement of profit or loss amounted to KD 1,051,979 as of 31 December 2024, which represents a substantial portion of the total assets of the group, and consist of unquoted securities, funds and investment portfolios. Determining the fair value of these assets relies heavily on estimates and assumptions. We considered this to be a key audit matter.

How our audit dealt with these matters

Our audit procedures included the following procedures and other matters:

• We tested the fair value for Level 2 valuations, where we tested the model and assumptions used by management and verified the basic data used in the valuation work, as much as possible, against independent sources and data available externally in the market for the purpose of assessing the relevance, completeness and accuracy of the data to the valuation.

• We verified the significant judgments and assumptions applied to the valuation model, including discounts for non-marketability.

• We evaluated the adequacy and appropriateness of the group's disclosures contained in (Note 7 and Note 21) about the consolidated financial statements.

A member of Nexia International
Nazar & Partners Authorized Auditors & Consultants

Other information is included in the Group's annual report for the financial year ending 31 December 2024

Management is responsible for the other information. The other information consists of the information contained in the Group's annual report for the year 2024, other than the consolidated financial statements and the auditor's report thereon. We did not obtain the Group's annual report, which also includes the Board of Directors' report, before the date of the auditor's report, and we expect to obtain those reports after the date of the auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 It contains material errors. If we discover through our work that other information contains material errors, we are required to disclose that in our report. We have nothing to disclose regarding this matter. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any audit conclusion thereon.

The responsibility of management and those charged with governance regarding the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to prepare consolidated financial statements that are free from material misstatement due to fraud or error.

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

Those responsible for governance are the entity responsible for monitoring the group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's management.

Nazar & Partners
Kuwait City, Sharq, 25th February Tower, Khaled Ibn Al Waleed St. T: +965 22 9426 06 | +965 22 4246 61 nazarnexia.com

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO / THE SHARE HOLDERS OF AL MAL INVESTMENT COMPANY K.P.S.C.
STATE OF KUWAIT

Auditor's Responsibilities for the Audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding, among other matters, the planned and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 the 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 affect our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that constitute the most significant matters in the audit of the consolidated financial statements for the current year, and therefore they are considered the key audit matters. We disclose these matters in our auditors' report unless prohibited by law or Regulations require public disclosure of these matters or, in very rare circumstances, when we conclude that a matter should not be disclosed in our report because the adverse consequences of such communication would reasonably be expected to outweigh the public gain.

A member of Nexia International
Nazar & Partners Authorised Auditors & Consultants

Nazar & Partners
Kuwait City, Sharq, 25th February Tower, Khaled Ibn Al Waleed St. T: +965 22 9426 06 | +965 22 4246 61 nazarnexia.com

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO / THE SHARE HOLDERS OF AL MAL INVESTMENT COMPANY K.P.S.C.
STATE OF KUWAIT

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matters stated in the "Basis for Qualified Opinion" paragraph of our report, the Parent Company has maintained proper accounting records and the consolidated financial statements and the data included in the report of the Parent Company's Board of Directors relating to the consolidated financial statements are in agreement therewith. We have also obtained the information and explanations that we considered necessary for the purposes of the audit, and the consolidated financial statements include the information required by Companies Law No. 1 of 2016, as amended by Law No. 15 of 2017, its executive regulations and subsequent amendments, and the Parent Company's Articles of Association and Memorandum of Association, as amended. We are not aware of any violations of the provisions of Companies Law No. 1 of 2016, as amended by Law No. 15 of 2017, its executive regulations and subsequent amendments, or the Parent Company's Articles of Association and Memorandum of Association, as amended, or the provisions of Law No. 32 of 1968 and its amendments regarding currency, the Central Bank of Kuwait and the organization of the banking profession and its related regulations. During the financial year ending 31 December 2024 in a manner that would materially affect the Group's business or its consolidated financial position. Except for the failure to hold an extraordinary general assembly meeting to address the issue of the continuity principle in accordance with the requirements of Article 271 of the Companies Law.

Nayer Awadh Nazar
Authorized Public Auditor No. 43-Grade A.
Nazar and Partners
Member of Nexia

State of Kuwait: 14 September 2025 .

Nazar & Partners
Kuwait City, Sharq, 25th February Tower, Khaled Ibn Al Waleed St. T: +965 22 9426 06 | +965 22 4246 61 nazarnexia.com

Consolidated Statement of financial position
As at 31 December 2024

	Notes	2024	2023
		KD	KD
Assets			
Current assets			
Cash and cash equivalent	6	347,022	311,043
Investments at fair value through statement of profit or loss	7	1,051,979	1,221,667
Accounts receivable and other debit balances	8	2,094,459	2,442,886
		3,493,460	3,975,596
Non-current assets			
Investment in associates	9	1,175,592	2,740,258
Investment properties		5,134,801	918,460
		6,310,393	3,658,718
Total Assets		9,803,853	7,634,314
Equity And Liabilities			
Equity			
Share capital	10	31,024,591	31,024,591
Treasury shares	11	(125,110)	(125,110)
Change in fair value reserve		(1,724,596)	(1,724,596)
Foreign currency translation reserve		(931,592)	(1,056,925)
Accumulated losses		(29,685,384)	(29,665,847)
Equity attributable to shareholders of the Parent Company		(1,442,091)	(1,547,887)
Non-controlling interest		2,963,367	1,714,855
Total equity		1,521,276	166,968
Liabilities			
Current Liabilities			
Accounts payable and other credit balances	12	7,355,105	6,539,404
		7,355,105	6,539,404
Current Liabilities			
Bonds payable	13	900,000	900,000
Provision for end of service benefits		27,472	27,942
		927,472	927,942
Total Liabilities		8,282,577	7,467,346
Total equity and liabilities		9,803,853	7,634,314

The notes on pages 11 to 37 form an integral part of these consolidated financial statements.

Firas Fahad Al Bahar
Chairman of Board of Directors

نظر وشركاه
A member of Nexia International
Nazar & Partners
Authorized Auditors & Consultants

Consolidated Statement of Profit or Loss
As at 31 December 2024

	Notes	2024	2023
		KD	KD
Income:			
Change in fair value of investment properties		13,838	253,550
Net income from communication services		3,240	3,240
Share of results of associates	9	261,948	196,074
Net investments (loss) / income	14	(4,342)	118,080
Foreign currency exchange loss		(870,759)	(2,253)
Other Income		93,162	20,403
Total income		(502,913)	589,094
Expenses and other charges :			
General and administrative expenses	15	193,234	196,060
Provision for expected credit losses no longer required	8	(5,896)	-
Zakat		-	288
Finance costs		4,500	4,500
Total Expenses and other charges		191,838	200,848
Net (loss) / income for the year		(694,751)	388,246
Attributable to:			
Shareholders of the Parent Company		(19,537)	275,970
Non-controlling interests		(675,214)	112,276
Total net (loss) / income for the year		(694,751)	388,246
Basic and diluted (loss) / income per share attributable to the shareholders of the parent company (fils)	17	(0.06)	0.89

The accompanying notes on pages 11 to 37 form an integral part of these consolidated financial statements

A member of Nexia International
Nazar & Partners Authorized Auditors & Consultants

Consolidated Statement of Other Comprehensive Income
As of 31 December 2024

	Notes	2024	2023
		KD	KD
Net (loss) / income of the year		(694,751)	388,246
Other comprehensive income / (loss) items:			
Items that may be reclassified subsequently to statement of income			
Group's share of foreign currency translation reserve of associates		273,386	(40,782)
Foreign currency translation differences		161,719	(122,811)
Other comprehensive loss for the year		435,105	(163,593)
Items that may not be reclassified subsequently to statement of income			
The impact of the reacquisition on the investment in the subsidiary		1,613,954	-
		1,613,954	-
Other comprehensive income / (loss) for the year		2,049,059	(163,593)
Total other comprehensive income for the year		1,354,308	224,653
Attributable to:			
Shareholders of the Parent Company		105,796	166,903
Non-controlling interests		1,248,512	57,750
		1,354,308	224,653

The accompanying notes on pages 11 to 37 form an integral part of these consolidated financial statements

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

	Share capital	Treasury shares	Change in fair value reserve	Foreign currency translation reserve	Accumulated losses	Sub-total	Non-controlling interest	Total
	KD	KD	KD	KD	KD	KD	KD	KD
Balance as of 1 January 2023	**31,024,591**	**(125,110)**	**(1,724,596)**	**(947,858)**	**(29,941,817)**	**(1,714,790)**	**1,657,105**	**(57,685)**
Net income for the year	-	-	-	-	275,970	275,970	112,276	388,246
Other comprehensive loss for the year	-	-	-	(109,067)	-	(109,067)	(54,526)	(163,593)
Total other comprehensive (loss) / income for the year	-	-	-	(109,067)	275,970	166,903	57,750	224,653
Balance as of 31 December 2023	**31,024,591**	**(125,110)**	**(1,724,596)**	**(1,056,925)**	**(29,665,847)**	**(1,547,887)**	**1,714,855**	**166,968**
Balance as of 1 January 2024	**31,024,591**	**(125,110)**	**(1,724,596)**	**(1,056,925)**	**(29,665,847)**	**(1,547,887)**	**1,714,855**	**166,968**
Net income for the year	-	-	-	-	(19,537)	(19,537)	(675,214)	(694,751)
Foreign currency translation differences	-	-	-	125,333	-	125,333	309,772	435,105
The impact of the reacquisition on the investment in the subsidiary	-	-	-	-	-	-	1,613,954	1,613,954
Total other comprehensive income / (loss) for the year	-	-	-	125,333	(19,537)	105,796	1,248,512	1,354,308
Balance as of 31 December 2024	**31,024,591**	**(125,110)**	**(1,724,596)**	**(931,592)**	**(29,685,384)**	**(1,442,091)**	**2,963,367**	**1,521,276**

The notes on pages 11 to 37 form an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	2024	2023
	KD	KD
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Loss) / income for the year	(694,751)	388,246
Adjustments:		
Change in fair value of investment properties	(13,838)	(253,550)
Share of results of associates	(261,948)	(196,074)
Net investments loss / (income)	4,342	(118,080)
Provision for expected credit losses no longer required	(5,896)	-
Finance costs	4,500	4,500
End of service benefits	7,505	12,503
	(960,086)	(162,455)
Working capital adjustments:		
Accounts receivable and other debit balances	441,091	(60,565)
Accounts payable and other credit balances	815,701	25,021
Cash flows generated from / (used in) operations	296,706	(197,999)
Employees' end of service benefits paid	(7,975)	(808)
Net cash flows generated from / (used in) operating activities	288,731	(198,807)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment at fair value through statement of profit or loss	79,110	261,823
Dividend income received	86,236	85,742
Net cash flows generated from investing activities	165,346	347,565
CASH FLOWS FROM FINANCING ACTIVITIES:		
Finance cost paid	(4,500)	(4,500)
Net cash flows used in financing activities	(4,500)	(4,500)
Net increase in cash and cash equivalent	449,577	144,258
Foreign currency translation	(413,598)	1,976
Cash and cash equivalent at the beginning of the year	311,043	164,809
Cash and cash equivalent at the end of the year	347,022	311,043

The notes on pages 11 to 37 form an integral part of these consolidated financial statements.

1. ESTABLISHMENT AND ACTIVITY

Al Mal Investment Company “the parent company” - the State of Kuwait - was established by establishing a Kuwaiti public shareholding company on January 2, 1980 in accordance with its judicial rulings in the State of Kuwait, and its articles of incorporation and its amendments must be in accordance with the Kuwaiti Companies Law No. 15 of 1960 and its amendments. The company is listed on the Kuwait Stock Exchange.

The parent company is subject to the control and supervision of the Central Bank of Kuwait regarding financing regulations and the Capital Markets Authority in its capacity as an investment company.

The consolidated financial statements include the financial statements of the parent company and its subsidiaries (together referred to as the “Group”) (Note 4.3).

The company's postal address: P.O. Box 26308, Safat - Postal Code 1312, Kuwait.
The objectives of the parent company include the following:

A. Investing in various economic sectors by contributing to the establishment of specialized companies or purchasing shares or stakes in those companies.
B. Carrying out the functions of investment trustees and managing all types of investment portfolios on behalf of others.
C. Brokerage in lending operations in exchange for a commission or a fee.
The parent company may also have an interest or participate in any way with other companies that work in the same field or those that help the company achieve its goals inside or outside Kuwait and buy those companies or participate in their ownership rights.

The group’s consolidated financial statements for the financial year ending on 31 December 2024 were approved and approved at the parent company’s Board of Directors meeting held on 14 September 2025.

2. THE PRINCIPLE OF CONTINUITY

As at 31 December 2024, accumulated losses amounted to KD 29,685,384 (31 December 2023: KD 29,665,847), in addition, the Group’s current liabilities exceeded its current assets as of 31 December 2024 by KD 3,861,645 (31 December 2023: KD 2,563,808).

These events or conditions, together with other matters as described in the note below, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue its business as a going concern. Management expects that the Group has sufficient resources to continue its operational existence in the near future and therefore the accompanying consolidated financial statements have been prepared on a going concern basis. However, we were unable to obtain sufficient appropriate audit evidence regarding the plan developed by management to deal with these events and circumstances. Therefore, we were unable to determine whether management's use of the going concern basis of accounting was appropriate and whether any adjustment would be necessary in relation to the amounts recorded in the consolidated financial statements as of 31 December 2024 if the Group is unable to continue its operational presence in the near future.

The parent company also did not call for an extraordinary general assembly meeting to address the problem of the continuity principle in accordance with the requirements of Article No. 271 of the Companies Law.

A member of Nexia International
Nazar & Partners
Authorized Auditors & Consultants

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

a. New and revised Standards that are effective for the current year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and revised International Financial Reporting Standards as of January 1, 2024:

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 require a seller-lessee, in measuring the lease liability arising in a sale and leaseback transaction, not to recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments must be applied retrospectively.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

These amendments to paragraphs 69 to 76 of IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments must be applied retrospectively.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

These amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The application of the above amendments and interpretations did not have a material impact on the disclosures or amounts reported in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

b. New and revised Standards issued but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised Standards that have been issued but are not yet effective

<u>IFRS 18 Presentation and Disclosures in Financial Statements</u>
The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.

IFRS 18 introduces new requirements to:
- present specified categories and defined subtotals in the statement of profit or loss,
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements,
- improve aggregation and disaggregation.

IFRS 18 requires retrospective application with specific transition provisions. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027 with earlier application permitted.

<u>IFRS 19 Subsidiaries without Public Accountability: Disclosures</u>
The new standard, IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity is required to apply IFRS 19 for annual reporting periods beginning on or after 1 January 2027.

<u>Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments</u>
An entity is required to apply these amendments for annual reporting periods beginning on or after 1 January 2026.The amendments include:

A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.

Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed

Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments

The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

<u>Lack of Exchangeability (Amendments to IAS 21)</u>
The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the IFRS interpretations Committee applicable to companies reporting under IFRSs as issued by the International Accounting Standards Board ("IASB"), and applicable requirements of Companies' Law No. 1 of 2016, and its Executive Regulations, as amended (the "Companies' Law").

4.2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas of significant judgments and estimates made in preparing the consolidated financial statements and their effect are disclosed in Note 4.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is also the functional currency of the Group.

4.3 Basis of consolidation

Name of the subsidiary	Country of Incorporation	Principal activities	Percentage of holding (%) 2024	2023
Trasul Telecom Company K.S.C. (Closed)	Kuwait	Communication services	%96.69	%96.69
Al Mal International for Project Management Company W.L.L.*	Kuwait	Real estate Development	%80	%80
Al Mal Qatar Holding Company K.S.C (Closed)*	Kuwait	Real estate projec management	%97.50	%97.50
Al Mal Saudi Investment Company LLC.**	Kingdom of Saudi Arabia	Real estate projec management	%100	%100
Quick Facilities Management L.L.C.	United Arab Emirates	Investment activities	%100	%100
Takharoj Financial and Administrative Consulting Company K.S.C. (Closed)	Kuwait	Financial management services	%99	%99
Diyar Al-Kuwait Real Estate Company K.S.C.(Closed)	Kuwait	Real estate development	%60.25	%60.25
First Al-Mal Real Estate Company K.S.C. (Closed)*	Kuwait	Real estate development	%76.56	%76.56

The shares of some subsidiaries are held through transfer books in favor of the parent company.

* These subsidiaries were compiled for the fiscal year ending 31 December 2024 on the basis of financial information prepared by the management of the subsidiaries as of 31 December 2024, adjusted for any material transactions for the period from 1 January 2024 to 31 December 2024.

** There is a dispute between Al Mal Saudi Investment Company W.L.L. and the General Authority of Zakat and Tax regarding the zakat assessment for previous years from the founding until the preparation of the company's latest audited financial statements, with total amounts estimated by the Zakat Authority at 20,874,790 Saudi Riyals (equivalent to KD 1,681,943).

A member of Nexia International
Nazar & Partners Authorized Auditors & Consultants

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Basis of consolidation (continued)

Subsidiaries (investees) are those enterprises controlled by the Group. Control is achieved when the Parent Company:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Consolidated statement of profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- 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; and

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Basis of consolidation (continued)

Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate

4.4 Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

4.5 Financial instruments

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

Financial assets and financial liabilities carried in the statement of financial position include other receivables, due from related parties, cash and bank balances, lease liabilities, accounts payable, bills discounted and due to related parties.

Financial assets

Recognition, initial measurement and derecognition

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows.

That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Purchases and sales of those financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Financial instruments (continued)

A financial asset is derecognised either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

Classification of financial assets
Financial assets are classified in the consolidated financial statements as financial assets at amortised cost upon initial recognition.

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

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method adjusted for impairment losses, if any. Gains and losses are recognised in the statement of comprehensive income when the asset is derecognised, modified or impaired.

Financial assets carried at amortised cost consist of receivables and other debits balances, due from a related party and bank balances and cash.

Accounts receivable and other debit balances
Accounts receivable and other debit balances represent amounts due from customers for the sale of goods and services performed in the ordinary course of business. Receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective rate of return method, less provision for impairment in value.
Receivables that are not classified under any of the above are categorized as 'Other debit balances'.

Cash and cash equivalents
Cash and bank balances equivalents in the consolidated statement of financial position and the statement of cash flows comprise of cash on hand, current accounts at banks and cash with portfolio managers, which are subject to an insignificant risk of changes in value.

Impairment of financial assets
The Group recognises provision for expected credit losses ("ECLs") for financial assets measured at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Financial instruments (continued)

For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the Group's historical credit loss experience adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

For related party balances, the Group applies the forward-looking approach whereby the recognition of credit losses no longer depends on the Group's initial determination of the credit loss event. Instead, the Group considers a wider range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and provable expectations that affect the expected ability to collect the future cash flows of the instrument.

The measurement of ECL is determined by estimating the weighted probability of credit loss over the expected life of the financial instrument. The expected credit losses of financial assets measured at amortized cost are deducted from the total carrying amount of the assets and charged to the statement of profit or loss and other comprehensive income.

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

Financial liabilities
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
Financial liabilities comprise of lease liabilities, trade and other payables, bills discounted and due to related parties.

Accounts payable and other credit balances
Accounts payable and other credit balances include trade and other payables. Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Derecognition of financial liabilities
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 statement of comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Offsetting of financial instruments

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

4.7 Provisions

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

4.8 Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost including purchase price and transaction costs. Subsequent to initial recognition, investment properties are stated at their fair value at the end of reporting period. Gains or losses arising from changes in the fair value of investment properties are included in consolidated statement of profit or loss for the period in which they arise.

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

Investment properties are derecognized when either they have been disposed of (i.e. at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. 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.

4.9 Investment in associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Investment in associates (continued)

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's / Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in consolidated statement of profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired and determine if necessary, to recognize any impairment loss with respect to the investment. If there is such evidence, the entire carrying amount of the investment (including goodwill) is tested for impairment and the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in consolidated statement of profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in consolidated statement of profit or loss.

4.10 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and the resulting gain / loss is included in consolidated statement of profit or loss or other comprehensive income as appropriate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Business combinations (continued)

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IFRS 9: Financial Instruments. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting in incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

4.11 Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits are based upon the employees' final salary and length of service subject to the completion of a minimum service period in accordance with Kuwait 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.

4.12 Borrowing costs

All borrowing costs are recognized in the consolidated statement of comprehensive income in the period in which they are incurred.

4.13 Contingent liabilities

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

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

4.14 Equity and reserves

Capital represents the nominal value of capital stakes that have been issued.

Statutory reserve represents amounts transferred from net annual profit to this account in accordance with requirements of provisions of the Group's Memorandum of Incorporation, companies law No. 1 of 2016 and its executive regulations, as amended.
Retained earnings represents profit for the current year and prior years retained earnings. comprehensive income.

4.15 Revenue recognitions

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. A company recognizes revenue when it transfers control of a product or service to a customer.

The Group follows a 5-step model:

- Determine the contract with the client
- Defining performance obligations
- Determining the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when/as performance obligations are satisfied

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Revenue recognitions (continued)

The total transaction price is allocated to each specific performance obligation under the contract based on the selling prices of each item. The transaction price of the contract excludes any amounts collected on behalf of third parties.

IFRS 15 requires entities to exercise judgment, considering all relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the method of accounting for the incremental costs of obtaining the contract and the costs directly related to the performance of the contract. The standard also requires comprehensive disclosures.

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

The Group transfers control of the goods or services over a period of time (not at a specific time) when any of the following conditions are met:

- That the customer immediately receives the benefits provided by the performance of the facility and consumes them at the same time as soon as the facility performs.
- Group performance creates or improves the asset (eg work in progress) that the customer controls when the asset is constructed or improved.
- The Group's performance does not create any asset that has an alternative use to the entity, and the entity has an enforceable right to payments for performance completed to date.

Control is transferred at a specified time if none of the criteria necessary for the transfer of the goods or service is met over a period of time. The Group considers the following factors, whether or not control of the assets has been transferred:

- The company has a current right to payments against the asset.
- The customer has a legal right in the original.
- That the company transfers the physical possession of the asset.
- That the customer owns the significant risks and benefits of owning the asset.
- The customer accepts the original.

The Group's revenues are as follows:

Construction contracts
Revenue from construction contracts is recognized over time on a cost-to-cost method (input method), i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Profit is only recognized when the contract reaches a point where the ultimate profit can be estimated with reasonable certainty. Claims, variation orders and incentive payments are included in the determination of contract profit when approved by contract owners. Anticipated losses on contracts are recognized in full as soon as they become apparent.

Other income and expenses
Other income and expenses are recognized on the accrual basis.

A member of Nexia International
Nazar & Partners Authorized Auditors & Consultants

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Foreign currencies

Transactions in foreign currencies are translated into the functional currency (Kuwaiti Dinars) at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into Kuwaiti Dinars at the end of the financial reporting period at the exchange rate prevailing on that date. Non-monetary items denominated in foreign currencies that are carried at fair value are retranslated at the exchange rates prevailing at the date when the fair value was determined. Whereas, non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Translation differences arising from the settlement of monetary items or from the retranslation of monetary items are included in the statement of profit or loss and other comprehensive income for the year.

4.17 Leases

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from the lease is accounted for on a straight-line basis over the lease terms and is included in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Operating lease

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. When a contract is or contain a lease, the Group recognizes right of use assets and lease liabilities at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that is considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.
Lease contracts, in which the Group holds a significant portion of risks and rewards related to ownership and in which the Group is the lessor, are classified as operating lease contracts. Amounts received under operating lease contracts, less any incentives provided to customers, are recognised as income in the profit or loss on a straight-line basis over the lease contract period.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

A member of Nexia International
Nazar & Partners
Authorized Auditors & Consultants

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant judgements

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

The useful life of property and equipment

The Group reviews the estimated useful life under which property, plant and equipment are depreciated. The Group's management is convinced that the estimates of the useful life of these assets are appropriate.

Classification of financial assets

On acquisition of a financial asset, the Group decides whether it should be classified as "fair value through profit or loss", "fair value through other comprehensive income" or "amortized cost". IFRS 9 requires that all financial assets, with the exception of equity instruments and derivatives, be valued based on the Group's business model used to manage the assets and the contractual cash flow characteristics of the instrument. The Group follows the guidelines of IFRS 9 on the classification of its financial assets as shown in (Note 4).

Revenue recognition

Revenue is usually recognized to the extent that it is probable that the economic benefits will flow to the Group and at which revenue can be measured reliably. Determining whether the revenue recognition controls as set out in IFRS 15 and the revenue accounting policy in (Note 4.15) have been met requires significant judgment.

Principal versus agent considerations

The Group enters into contracts to sell goods and render services to its customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods and services. The Group determined that it is a principal in all its contracts with its customers.

- The Group controls the promised goods and services before the Group transfers the goods and services to the customer.
- The Group satisfies the performance obligations by itself and does not engage another party in satisfying its performance obligations in its contracts with customers.

Lease contracts

Significant judgments required to apply IFRS 16 include, among others, the following:

- Determine whether the contract (or part of the contract) includes a lease.
- Determining whether it is reasonably certain that the option to extend or terminate will be exercised.
- Classification of lease agreements (when the facility is a lessor).
- Determine whether the variable payments are intrinsically fixed.
- Determine if there are multiple leases in the arrangement.
- Determining selling prices for leased and non-rented items.

Contingent liabilities

Contingent liabilities are possible obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of future events not entirely within the control of the Group's management. The Group records a provision for contingent liabilities when the loss is considered probable and can be measured reliably. In determining whether or not such provisions and related amounts should be included, significant judgments made by management should be exercised. The Group uses the principles and standards set forth in International Financial Reporting Standards and best practices prevailing in the sector in which it operates when making such judgments.

A member of Nexia International
Nazar & Partners Authorized Auditors & Consultants

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates uncertainty

The key assumptions regarding the future and other key sources of estimation uncertainty at the statement of financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are explained below:

Impairment of non-financial assets

The Group's management assesses whether there is any indication that the non-financial assets are impaired. The recoverable amount of an asset is determined on the basis of the asset's operating value method. In particular, an estimate must be made by management in determining the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessary based on several factors that require different degrees of judgment and circumstances of uncertainty, and therefore actual results may differ from estimates resulting in changes to such provisions.

Provision for expected credit losses for receivables and other debit balances

The Group uses a custom schedule to calculate expected credit losses for receivables and other debit balances. The provision rates are based on the maturity period for different customer segments with similar loss patterns (ie by geographic region, type of services, customer and type). The provision schedule is initially based on the Group's historical observable rates of default.

The Group reassesses the schedule to adjust the historical experience of credit losses with forward-looking information.

A significant judgment is made to assess the correlation between historical observed rates of default and expected credit losses. Also, the historical experience of the Group's credit losses may not be an indication of the customer's actual default in the future.

leasing contracts

The main elements of uncertainty assessments in the application of IFRS 16 include the following:

- Estimation of the lease term.
- Determine the appropriate discount rate for lease payments.
- Assessment of whether the right-of-use assets are impaired.

6. CASH AND CASH EQUIVALENT

	2024 KD	2023 KD
Cash on hand	1,353	1,348
Bank balances	344,865	308,891
Cash with portfolio managers	804	804
	347,022	311,043

7. INVESTMENT AT FAIR VALUE THROUGH STATEMENT OF PROFIT OR LOSS

	2024 KD	2023 KD
Unquoted securities	423,163	603,182
Investment funds	621,894	611,515
Investment portfolios	6,922	6,970
	1,051,979	1,221,667

A member of Nexia International
Nazar & Partners
Authorized Auditors & Consultants

7. INVESTMENT AT FAIR VALUE THROUGH STATEMENT OF PROFIT OR LOSS (CONTINUED)

The movement on investment at fair value through statement of profit or loss during the year is as follow:

	2024	2023
	KD	KD
Balance at beginning of the year	1,221,667	1,451,152
Disposals	(55,425)	(231,518)
Change in fair value	(114,263)	2,033
Balance at end of the year	1,051,979	1,221,667

8. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2024	2023
	KD	KD
*Refundable development expenses	17,808,246	17,808,246
Less: provision for expected credit losses	(16,040,318)	(16,040,318)
	1,767,928	1,767,928
**Advance payments	4,081,844	4,081,844
Less: impairment in value	(4,081,844)	(4,081,844)
	-	-
Accounts receivable	73,671	73,671
Less: provision for expected credit losses	(73,671)	(73,671)
	-	-
Due from related parties (Note 17)	520,015	901,910
Less: provision for expected credit losses	(433,247)	(433,247)
	86,768	468,663
Staff receivables	596	677
Other debit balances	515,043	487,390
Less: provision for expected credit losses	(275,876)	(281,772)
	239,763	206,295
	2,094,459	2,442,886

Movement in the provision for expected credit losses is as follows:

	2024	2023
	KD	KD
Balance at beginning of the year	16,829,008	16,829,008
Provision used during the year	(5,896)	-
Balance at end of the year	16,823,112	16,829,008

*Refundable development expenses represent development costs incurred for developing "Prince Musaed Abdul Aziz Bin Musaed" economic city in the Kingdom of Saudi Arabia (the "Project"), under the development agreement signed between the Parent Company, and the Economic Cities Authority-Kingdom of Saudi Arabia ("ECA"). During the year ended 31 December 2014, ECA announced the termination of the development agreement and the assignment of the project to Governmental parties. As a result, during the year ended 31 December 2016, the Parent Company filed a legal case against ECA to recover the refundable development expenses.

8. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

Management believes that, based on the terms and conditions of the development agreement and consultations with legal advisors, the refundable development expenses are reimbursable in full. However, management applied the guidelines of the Central Bank of Kuwait and recorded a provision to the extent of the refundable development expenses less certain direct dues to ECA related to the project amounting to KD 1,767,928 as at 31 December 2024 (31 December 2023: KD 1,767,928) (included in accounts payable and other credit balances) for which ECA requested these dues to be paid through the same legal case. Accordingly, a provision for expected credit losses of KD 16,040,318 (31 December 2023: KD 16,040,318) has been provided in prior years.

- On 25 June 2019, a first instance judgment has been issued by the Administrative Court of Jeddah rejecting the legal case and obliging the Parent Company to settle Saudi Riyal 22,500,000 (equivalent to KD 1.82 million) to ECA. On 17 October 2019, the Group appealed the judgment to the Administrative Court of Appeal in Makkah.

- On 23 January 2020, the Administrative Court of Appeal in Makkah has confirmed the first instance judgment issued by the Administrative Court of Jeddah.

- On 3 March 2020, the Parent Company filed an objection to the Supreme Court.

- On 24 June 2021, the Supreme Court set a date for the hearing on 8 August 2021. The session has been postponed to 8 December 2021.

- On 18 October 2023, the Supreme Court returned the case (for the second time) to the Court of Appeal. The appeal ruling was issued on 2 April 2024 in favor of the company and was overturned. This case is still being discussed in the courts and has not been decided upon until the date of the attached financial statements report.

** This item represents advance payments to obtain investments in property rights and real estate investments (land) in the United Kingdom and the Syrian Arab Republic, as the legal procedures for transferring the legal ownership of these investments to the group have not been completed until the date of preparing the financial statements, and accordingly, it was recorded A decrease in the value of these amounts paid in exchange for obtaining these investments.

9. INVESTMENT IN ASSOCIATES

Name of the associate	Country of incorporation	Voting rights and equity interest 2024 %	Voting rights and equity interest 2023 %	Carrying value 2024 KD	Carrying value 2023 KD
MAC SA, Stock Brokerage Company	Tunisia	%48	%48	1,175,592	640,258
Egyptian Saudi Company for Tourism and Real Estate Investment S.A.E.	Egypt	-	%50.82	-	2,100,000
				1,175,592	2,740,258

9. INVESTMENT IN ASSOCIATES (CONTINUED)

* During the year ended 31 December 2024, the Group regained control of the Egyptian Saudi Company for Tourism and Real Estate Investment S.A.E., and accordingly, it was reclassified from an associate company to a subsidiary with a %50.82 ownership interest.

Investments in associate companies are accounted for using the equity method.

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

	2024	2023
	KD	KD
Balance at beginning of the year	2,740,258	2,584,966
Transferred from associate to subsidiary	(2,100,000)	-
Share of results of associates	261,948	196,074
Foreign currency translation differences	273,386	(40,782)
Balance at end of the year	1,175,592	2,740,258

10. SHARE CAPITAL

The authorized, issued and paid-up capital of the Parent Company consists of KD 31,024,591 (31 December 2023: KD 31,024,591) divided into 310,245,910 shares (31 December 2023: 310,245,910 shares) with a value of 100 fils per share. All shares are paid in cash.

11. TREASURY SHARES

	2024	2023
	KD	KD
Number of shares (share)	1,251,097	1,251,097
Ratio to paid-up shares (%)	%0.4	%0.4
Market value (KD)	7,381	7,381
Cost	125,110	125,110

This item represents shares received by the parent company on 9 September 2021, with a number of 1,251,097 shares that were recorded in the company's books at the nominal value of the share (100 fils per share). The market value of the shares was arrived at based on the last trading price of the share on the Kuwait Stock Exchange on 29 November 2020, which was (5.9 fils) per share, as there has been no change in the market value of the shares due to the company's shares having ceased trading since that date.

Whereas in 2017, the parent company lost a lawsuit filed by one of the bondholders in the amount of 900,000 Kuwaiti dinars, who agreed to the settlement agreement mentioned in (Note 13) early on, but later refused to own the shares offered in exchange for the debt.

A judgment was issued by the Court of Appeal on 13 July 2017 granting the bondholder the right to the price used for the debt-equity swap of KD 270,000 for which the Group recorded a provision for legal claims in 2017 and subsequently repaid this amount in subsequent years.

The parent company filed another legal lawsuit against the same old bondholder and the 2,700,000 shares previously issued to this bondholder (with a nominal value of 270,000 Kuwaiti dinars). These shares were kept with the "investment trustee" until the legal dispute was resolved.

11. TREASURY SHARES (CONTINUED)

On 9 September 2021, after the end of the legal dispute, the "Investment Trustee" returned the shares to the parent company. The Investment Trustee had to return 2,700,000 shares, but as a result, the parent company reduced the capital from KD 66,954,351 to KD 31,024,591 since that date. As of the date of receiving the shares (9 September 2021), the parent company has received 1,251,097 shares.

12. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	2024	2023
	KD	KD
Accounts payable	964,620	151,026
Due to contractors*	1,812,891	1,812,891
Payables for investment in a project	444,182	444,182
Share of Zakat	-	288
Accrued expenses	280,178	258,551
Professional fees credited	838,191	838,191
Provision for legal claims	2,894,828	2,915,528
Other payables	120,215	118,747
	7,355,105	6,539,404

* Due to contractors includes an amount of KD 1,767,928 (2023: KD 1,767,928) related to the project and the legal dispute mentioned in Note 8.

13. BONDS PAYABLE

	2024	2023
	KD	KD
Bonds payable	900,000	900,000

During the previous years, the group reached settlement agreements with bondholders regarding outstanding bonds amounting to 11,088,000 Kuwaiti dinars. As a result of these agreements, one of the group's foreign subsidiaries purchased approximately 92.5% of the issued bonds.

- On 26 November 2014, the holders of bonds amounting to KD 900,000 (the General Investment Authority) filed a lawsuit against the parent company to recover the full nominal value of the bonds.

On 24 January 2019, the High Court rejected the lawsuit submitted by the General Investment Authority and obligated the parent company to pay the value of the unpaid coupon in the amount of KD 46,762, and the lawsuit expenses. The ruling was appealed by the General Investment Authority. On 22 May 2019, the Court of Appeal rejected the appeal submitted by the General Investment Authority and upheld the ruling issued by the Full Court. The General Investment Authority appealed the ruling to the Court of Cassation.

On 31 October 2019, the Court of Cassation rejected the appeal and obligated the parent company to pay the value of the unpaid coupon in the amount of KD 46,762 and the lawsuit expenses in the amount of KD 13,953. As a result, the parent company recognized a provision for these amounts (under accounts payable and other credit balances).

On 17 October 2019, bondholders agreed to extend the maturity date of the issued bonds to 18 November 2022.

The company did not provide us with any information indicating that any agreement had been reached with the bondholders to extend the maturity date for these bonds, and therefore these bonds are considered payable by the parent company, as the company has not paid them until the date of preparing the financial statements.

14. NET INVESTMENTS (LOSS)/ INCOME

	2024 KD	2023 KD
Change in the fair value of investments at fair value through statement of profit or loss	(114,263)	2,033
Gain / (loss) of sale of investments at fair value through statement of profit or loss	23,685	30,305
Dividend income	86,236	85,742
	(4,342)	118,080

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2024 KD	2023 KD
Staff costs	96,968	103,610
Rents	16,129	16,134
Professional fees	45,670	40,891
Subscriptions	4,610	3,640
Others	29,857	31,785
	193,234	196,060

16. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

These include major shareholders, members of the board of directors, key management personnel, their close family members and companies over which these parties control or have significant influence. All transactions with related parties are approved by the Group's management.

Balances and transactions with related parties are as follows:

	2024 KD	2023 KD
Consolidated statement of financial position:		
Due from related parties :		
Zone Advanced General Trading Company W.L.L.	433,247	433,247
Less: provision for expected credit losses (Note 8)	(433,247)	(433,247)
	-	-
Other related parties	86,768	468,663
Due from related parties (included in accounts receivable and other debit balances) (Note 8)	86,768	468,663

Amounts due from related parties do not bear any interest and are collected upon request.

	2024 KD	2023 KD
Key management compensation		
Salaries and other short-term benefits	23,865	21,597
End of service benefits	1,504	1,873

17. BASIC AND DILUTED (LOSS)/ INCOME PER SHARE ATTRIBUTABLE TO THE SHARE HOLDERS OF THE PARENT COMPANY (FILS)

Basic and diluted (loss) /income per share are calculated by dividing the (loss) /income for the year by the weighted average number of shares outstanding during the year.

	2024	2023
	KD	KD
(Loss) / income for the year attributable to the equity holders of the Parent Company	(19,537)	275,970
Number of shares issued at the beginning of the year	310,245,910	310,245,910
Less: weighted average number of treasury shares	(625,548)	(625,548)
Weighted average number of outstanding shares	309,620,362	309,620,362
Basic and diluted loss per share (fils) attributable to shareholders of the parent company	(0.06)	0.89

18. ANNUAL GENERAL ASSEMBLY MEETING

On 30 April 2025, the ordinary general assembly of the parent company's shareholders was held, where the consolidated financial statements for the fiscal year ended 31 December 2023 were approved. The shareholders also approved the board of directors' recommendation not to distribute dividends and not to pay any bonuses to the members of the board of directors for the financial year ended 31 December 2023.

19. SEGEMENTAL INFORMATION

An operating segment is an element of the Group that engages in business activities through which it earns profits and incurs expenses, whose operating results are reviewed by the group's chief decision maker in order to allocate resources to the segment and to evaluate its performance, and for which separate financial information is available.

Real estate	Represents real estate management and lease activities.
Asset management	Represents management of different investment portfolios for others.
Communication services	Represents communication services and operations.
Investments	Represents establishing or purchasing specialised companiesor securities in those companies.

The following is an analysis of the Group's revenue and results by operating segment:

	31 December 2024				
	Real estates KD	Investments KD	Finance KD	Undistributed KD	Total KD
Net income segment	13,838	(613,153)	-	102,298	(497,017)
Expenses and others	-	-	(4,500)	(193,234)	(197,734)
Segment result	13,838	(613,153)	(4,500)	(90,936)	(694,751)
Segment assets and liabilities					
Segment assets	5,134,801	4,342,521	-	326,531	9,803,853
Segment liabilities	-	7,355,105	900,000	27,472	8,282,577

Nazar & Partners
A member of Nexia International
Authorized Auditors & Consultants

19. SEGEMENTAL INFORMATION (CONTINUED)

	31 December 2023				
	Real estates KD	Investments KD	Finance KD	Undistributed KD	Total KD
Net income segment	253,550	314,154	-	21,390	589,094
Expenses and others	-	-	(4,500)	(196,348)	(200,848)
Segment result	253,550	314,154	(4,500)	(174,958)	388,246
Segment assets and liabilities					
Segment assets	918,460	6,040,896	-	674,958	7,634,314
Segment liabilities	-	6,539,404	900,000	27,942	7,467,346

20. FINANCIAL RISK

Financial risk

Risks represent a major part of the Group's activities, but these risks are managed in a manner of identification, measurement and continuous monitoring in accordance with risk restrictions and other controls. This method of risk management is of great importance to the Group's continued profitability and everyone in the Group bears the responsibility for exposure to risks in relation to his responsibilities.

Credit risk, liquidity risk and market risk are the main risks that arise from the Group's financial instruments. Market risk is divided into foreign currency risk, profit rate risk and equity price risk. No change was made to the risk management objectives and policies during the years ended 31 December.

The Group's management is primarily responsible for developing policies and strategies for managing risks.

Categories of financial instruments

	2024 KD	2023 KD
Financial assets		
Cash and cash equivalent	347,022	311,043
Accounts receivable and other debit balances	2,094,459	2,442,886
Financial liabilities		
Accounts payable and other credit balances	7,355,105	6,539,404
Bonds payable	900,000	900,000

The Group's management reviews and agrees to the policies for managing these risks which are summarized below:

Credit risk

Credit risk is the risk that a counterparty will fail to meet its obligations under a financial instrument and result in a financial loss.

20. FINANCIAL RISK (CONTINUED)

Credit risk (continued)

The Group has policies and procedures in place to limit exposure to credit risk to any third party and to monitor the collection of debit balances on a regular basis. The Group limits its credit risk with respect to bank balances by only dealing with reputable banks. In addition, receivable balances are monitored on an ongoing basis. Accordingly, the Group's exposure to bad debts is considered immaterial.

Maximum exposure to credit risk
The Group's exposure to credit risk from financial assets results from the default of the counterparty. As financial instruments are recorded at fair value, they represent the maximum current exposure to credit risk but not the maximum risk exposure that may appear in the future as a result of changes in value. The maximum exposure to credit risk is the carrying amount of the financial assets disclosed in the consolidated statement of financial position.

Risks of impairment of financial assets
Financial assets that are subject to impairment include 'bank balances', 'due from a related party' and 'receivables and other debit balances'.

Accounts receivable and other debit balances
The Group applies the simplified approach consistent with IFRS 9 to measure expected credit losses using the ECL over the period of ECL for all debtors.
Receivables are grouped based on mutual credit risk characteristics and maturity dates to measure expected credit losses. Accordingly, the Group's management believes that the expected credit loss rates for receivables represent a reasonable approximation of the actual results of clients' default in subsequent periods.

Accounts receivable are written off when there is no reasonable expectation of recovery. Indications include the lack of a reasonable expectation of recovery, among others, such as the failure of the customer to sign up for a payment plan with the Group, and the failure to make contractual payments for a period exceeding 365 days.

The Group continues to use both changes in the delay period and the probability of default as an indicator of a significant increase in credit risk. The Group also reviewed the methodologies and assumptions used, taking the impact of the coronavirus pandemic into account when providing forward-looking information.

Other receivable balances and due from a related party are also subject to the credit loss requirements of IFRS 9, an impairment loss is immaterial.

Bank balances
Also, balances with banks are subject to the requirements of credit losses contained in IFRS 9, as balances with banks are deposited with financial institutions with a high credit rating. Accordingly, the Group's management considers that the impairment loss in the value of bank balances is immaterial.

20. FINANCIAL RISK (CONTINUED)

Credit risk (continued)

The carrying amounts of financial assets represent the maximum exposure to credit risk. The maximum net exposure to credit risk for asset classes at the reporting date is as follows:

	2024	2023
	KD	KD
Bank balances	344,865	308,891
Accounts receivable and other debit balances	2,094,459	2,442,886
	2,439,324	2,751,777

Liquidity risk

Liquidity risk results from the Group's inability to provide the funds necessary to pay its obligations related to financial instruments. To manage these risks, the Group periodically evaluates the financial ability of its customers, and invests in investments that are capable of being quickly liquidated, while planning and managing the expected cash flows of the group by maintaining appropriate cash reserves and valid and available bank lines of credit and matching the maturities of financial assets and liabilities.

As at 31 December 2024 and 2023, the carrying amount of the Group's liabilities with a maturity of less than 12 months was not materially different from its contractual undiscounted figures.

Maturity table for financial liabilities

	2024		
	Less than a year	More than a year	Total
	KD	KD	KD
Accounts payable and other credit balances	7,355,105	-	7,355,105
Bonds payable	-	900,000	900,000
	7,355,105	900,000	8,255,105

	2023		
	Less than a year	More than a year	Total
	KD	KD	KD
Accounts payable and other credit balances	6,539,404	-	6,539,404
Bonds payable	-	900,000	900,000
	6,539,404	900,000	7,439,404

Foreign currency risks:

The Group is keen to maintain net exposure to foreign currency risks at a reasonable level by dealing in currencies that do not change significantly against the Kuwaiti dinar.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Group undertakes certain recorded transactions in foreign currencies and thus creates a risk of exposure to exchange rate fluctuations. Transfer price risks are managed within approved limits.

20. FINANCIAL RISK (CONTINUED)

The Group has established foreign currency risk management policies that require each group company to manage foreign currency risk against its functional currency. The Group monitors and manages these risks through:
- Monitor changes in foreign exchange rates periodically
- Setting limits for dealing in foreign currencies for the purposes of the group's primary activity.

Market risk
Market risk is the risk that changes in market prices such as changes in the foreign currency rate, profit rate and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk management aims to manage and control market risk exposures within acceptable parameters, while maximizing returns.

(i) Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Group undertakes certain recorded transactions in foreign currencies and thus creates a risk of exposure to exchange rate fluctuations. Transfer price risks are managed within approved limits.
The Group has established foreign currency risk management policies that require each group company to manage foreign currency risk against its functional currency. The Group monitors and manages these risks through:
- Monitor changes in foreign exchange rates periodically
- Setting limits for dealing in foreign currencies for the purposes of the group's primary activity.

(ii) Profit rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rate. Financial instruments that potentially expose the Group to interest rate risk mainly consist of bonds payable.

		2024	
	Balance	**Increase against the interest rate**	**Impact on profit for the year and equity**
	KD		KD
Bonds payable	900,000	%0.5	+ 4,500

		2023	
	Balance	**Increase against the interest rate**	**Impact on profit for the year and equity**
	KD		KD
Bonds payable	900,000	%0.5	+ 4,500

20. FINANCIAL RISK (CONTINUED)

Market risk (continued)

(iii) Equity price risk
Equity price risk is the risk that financial instruments will fluctuate as a result of changes in equity prices. Exposure to equity price risk arises from the Group's investment in equity shares classified as financial investments at fair value through the statement of income and financial investments at fair value through the statement of other comprehensive income. The Group manages this risk by diversifying its investments on the basis of pre-determined asset allocations across multiple classes, continuous assessment of market conditions and trends, and management's judgment of long-term and short-term changes in fair value. The following table sets out the sensitivity of changes in fair value to reasonably possible changes in equity prices, holding each constant constant. Other variables. The expected change in equity prices is estimated at 5% (2023: 5%).

	Impact on loss for the year and equity	
	2024	2023
	KD	KD
Financial investments at fair value through statement of profit or loss	52,599	61,083

21. FAIR VALUE MEASUREMENT

Fair value represents the amount for which an asset could be received or sold or the amount paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The management of the parent company believes that the estimated fair value of financial assets and liabilities does not differ materially from their book value.

The following table provides an analysis of the financial instruments that are measured after initial recognition at fair value, classified into levels 1 to 3 based on the degree to which the fair value of each level is supported by identifiable sources.

• Level 1: Inputs represent quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date.

• Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (for example, price-related inputs).

• Level 3: Inputs derived from valuation techniques that include inputs for assets or liabilities that are not based on market data supported by identifiable sources (inputs not supported by identifiable sources).

The level within which financial assets fall is determined based on the lowest level of significant inputs to the fair value

31 December 2024	Level 2	Total KD
Investments at fair value through statement of income		
Unquoted securities	423,163	423,163
Mutual funds	621,894	621,894
Investment portfolios	6,922	6,922
	1,051,979	1,051,979

21. FAIR VALUE MEASUREMENT (CONTINUED)

31 December 2023	Level 2	Total KD
Investments at fair value through statement of income		
Unquoted securities	603,182	603,182
Mutual funds	611,515	611,515
Investment portfolios	6,970	6,970
	1,221,667	1,221,667

The fair value of financial instruments that are traded in active markets is based on the market prices announced at the reporting date. A market is classified as an active market if the announced prices are quickly and regularly available from the stock exchange, dealer, broker, sector group, pricing services, or regulatory body, and these represent Prices are actual and regular market transactions based on purely commercial transactions. The declared market price used for financial assets held by the Group is the current purchase price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation methods. These valuation methods make use of published market data when available and rely as little as possible on entity-specific estimates. If all inputs that are significant to the fair value of a financial instrument are declared, the instrument is included in Level 2.
If one or more inputs are not based on reported market data, the instrument is included in Level 3.

22. FIDUCIARY ASSETS

The Group manages mutual funds and portfolios on behalf of others and holds securities in trust accounts. These accounts are not included in the Group's consolidated financial statements. Subject assets under management amounted to KD 5,763,759 as of 31 December 2024 (31 December 2023: KD 6,864,269).