

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES



**Consolidated Financial Statements
and Independent Auditors' Report
31 December 2025**

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MABANEE COMPANY K.P.S.C

State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mabanee Company K.P.S.C. (the "Parent Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition – Leases</p> <p>The Group recognised revenue from leases of KWD 100,320,227 during the year.</p> <p>ISAs require us to consider the risk of fraud in revenue recognition. There is an inherent risk related to lease revenue given the significance of revenue from leasing business and the large number of tenants with different lease terms, including fixed and variable lease payments, escalation clauses and lease term renewal options. These terms involve a certain degree of management judgment in applying the straight-line basis of revenue recognition for lease income. In addition, the Group is dependent on its IT system to record revenue from leases appropriately.</p>	<p>In responding to this key audit matter, our audit procedures included the following:</p> <ul style="list-style-type: none"> Understood the process, evaluated the design and implementation and tested the operating effectiveness of the internal controls over lease revenue recognition. Evaluated the relevant IT systems and the design and operating effectiveness of controls over the IT environment. Understood, evaluated and tested the Group's accounting policies and procedures for identifying, measuring and accounting for leases against the requirements of IFRS Accounting Standards, our understanding of the business and related industry practice.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MABANEE COMPANY K.P.S.C (continued)

Key audit matter (continued)	How our audit addressed the key audit matter
<p>We have considered revenue recognition from leases to be a key audit matter given the quantitative significant of the amount to the consolidated financial statements, the level of judgement applied by management and the level of audit effort required.</p> <p>The lease revenue recognition policy is given in the accounting policies section of the notes (2.4.15) to the consolidated financial statements, and related disclosures are included in note 16 to the consolidated financial statements.</p>	<ul style="list-style-type: none"> Assessed the accuracy and completeness of the lease information included in the consolidated financial statements. Considered whether the Group's lease recognition policies and procedures have been implemented consistently from one period to the next and whether all leases were recognized in the consolidated financial statements. Performed substantive tests of details and data analytics procedures to confirm whether lease revenue was recognised based on the actual contractual terms. Evaluated the disclosures relating to revenue to determine if they are in compliance with the requirements of IFRS Accounting Standards.

Other information included in the Annual Report of the Group for the year ended 31 December 2025

Management is responsible for the other information. The other information comprises the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MABANEE COMPANY K.P.S.C (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MABANEE COMPANY K.P.S.C. (continued)

Report on Other Legal and Regulatory Requirements

In our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 7 of 2010, as amended, concerning establishment of Capital Markets Authority "CMA" and organisation of security activity and its executive regulations during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.



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1 February 2026
Kuwait

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES

Consolidated Statement of Financial Position as at 31 December 2025

	Notes	Kuwaiti Dinars		
		2025	2024	
Assets				
Non-current assets				
Property and equipment	3	139,173,997	140,966,439	
Investment properties	4a	1,487,107,871	1,123,571,653	
Investments in associates	5	63,431,799	57,283,913	
Right-of-use assets	6	63,616,484	23,238,607	
Advance payments and prepayments	7	64,099,209	59,296,170	
Investment securities		1,872,688	1,853,939	
		<u>1,819,302,048</u>	<u>1,406,210,721</u>	
Current assets				
Receivables from associates	21	318,398	407,843	
Accounts receivable and other assets	8	56,062,731	33,261,248	
Cash and bank balances	9	75,545,392	138,051,356	
		<u>131,926,521</u>	<u>171,720,447</u>	
Asset held for sale	4b	-	6,444,609	
		<u>131,926,521</u>	<u>178,165,056</u>	
Total assets		<u>1,951,228,569</u>	<u>1,584,375,777</u>	
Equity and liabilities				
Equity				
Share capital	10	147,886,500	139,515,566	
Share premium	10	16,505,381	16,505,381	
Statutory reserve	10	92,023,222	83,083,024	
Voluntary reserve	10	92,023,222	83,083,024	
Treasury shares reserve		42,442	42,442	
Foreign currency translation reserve		7,414,722	7,131,106	
Fair value reserve		(1,234,487)	(1,372,145)	
Other reserves	10	(1,342,499)	(2,028,657)	
Retained earnings		382,207,166	343,544,214	
Equity attributable to equity holders of the Parent Company		<u>735,525,669</u>	<u>669,503,955</u>	
Non-controlling interest	23	<u>106,432,715</u>	<u>83,440,637</u>	
Total equity		<u>841,958,384</u>	<u>752,944,592</u>	
Non-current liabilities				
Provision for staff indemnity		7,174,523	6,389,332	
Finance from banks	13	835,494,463	580,487,318	
Lease liabilities	12	65,190,550	13,222,774	
Other non-current liabilities	11	86,613,293	56,430,625	
		<u>994,472,829</u>	<u>656,530,049</u>	
Current liabilities				
Finance from banks	13	43,852,562	106,481,753	
Lease liabilities	12	424,459	8,822,644	
Accounts and other payables	14	70,520,335	59,596,739	
		<u>114,797,356</u>	<u>174,901,136</u>	
Total liabilities		<u>1,109,270,185</u>	<u>831,431,185</u>	
Total equity and liabilities		<u>1,951,228,569</u>	<u>1,584,375,777</u>	

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.



Mohammad Abdulaziz Alshaya
Chairman



MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES

Consolidated Statement of Income – for the year ended 31 December 2025

Notes	Kuwaiti Dinars	
	2025	2024
REVENUE		
Revenue from investment properties	16	117,602,260
Revenue from hotel operations	17	21,084,101
		138,686,361
COST OF REVENUE		
Investment properties expenses	18	(27,324,680)
Depreciation expense on investment properties	4	(11,366,285)
Hotel operation's expenses		(13,765,306)
Depreciation expense on hotel properties	3	(4,112,635)
		(56,568,906)
GROSS PROFIT		
		82,117,455
		79,272,361
General and administrative expenses	19	(12,006,054)
Gain from disposal of asset held for sale	4b	21,555,391
Finance costs		(7,952,911)
Other income		4,237,804
Share of results of associates	5	783,345
Profit for the year before taxation and director's fees		88,735,030
		68,719,253
Taxation	20	(4,125,960)
Director's fees	21	(714,000)
Profit for the year		83,895,070
		64,808,762
Attributable to:		
Equity holders of the Parent Company		84,562,016
Non-controlling interests		(666,946)
		83,895,070
Basic and diluted earnings per share		
attributable to the equity holders of the Parent Company	22	57.18 fils
		44.10 fils

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income – for the year ended 31 December 2025

	Kuwaiti Dinars	
	2025	2024
Profit for the year	83,895,070	64,808,762
Other comprehensive (loss) income:		
<i>Items that will not be reclassified to consolidated statement of income in subsequent periods:</i>		
Net gain (loss) on equity investment designated at fair value through other comprehensive income ("FVOCI")	22,090	(33,269)
<i>Items that are or may be reclassified subsequently to consolidated statement of income:</i>		
Exchange differences on translation of foreign operations	(1,715,136)	961,492
Other comprehensive (loss) income for the year	(1,693,046)	928,223
Total comprehensive income for the year	82,202,024	65,736,985
Attributable to		
Equity holders of the Parent Company	84,867,722	67,732,255
Non-controlling interest	(2,665,698)	(1,995,270)
Total	82,202,024	65,736,985

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity – for the year ended 31 December 2025

					Kuwaiti Dinars							
	Share Capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Foreign currency translation reserve	Fair value reserve	Other reserves	Retained earnings	Sub total	Non-controlling interest
As at 1 January 2024	131,618,459	16,505,381	76,170,749	76,170,749	-	-	4,577,837	(1,338,876)	(2,028,657)	318,474,596	620,150,238	80,698,985
Profit (loss) for the year											65,212,255	(403,493)
Other comprehensive income (loss) for the year											2,520,000	(1,591,777)
Total comprehensive income (loss) for the year											2,520,000	928,223
Cash dividends for 2023 (Note 10)												
Issue of Bonus Shares (Note 10)	7,897,107										(18,420,980)	(18,420,980)
Transfer to reserves					6,912,275	6,912,275						
Purchase of treasury shares							(319,340)					
Sale of treasury shares							319,340	42,442				
Non-controlling interest contribution plan												
As at 31 December 2024	139,515,566	16,505,381	83,083,024	83,083,024	-	42,442	7,131,106	(1,372,145)	(2,028,657)	343,544,214	669,503,955	4,736,922
As at 1 January 2025	139,515,566	16,505,381	83,083,024	83,083,024	-	42,442	7,131,106	(1,372,145)	(2,028,657)	343,544,214	669,503,955	83,440,637
Profit (loss) for the year											84,562,016	(666,946)
Other comprehensive income (loss) for the year											305,706	(1,998,752)
Total comprehensive income (loss) for the year											305,706	(1,693,046)
Transfer of fair value loss on equity investments												
Cash dividends for 2024 (Note 10)												
Issue of Bonus Shares (Note 10)	8,370,934				8,940,198	8,940,198						
Transfer to reserves												
Non-controlling interest contribution plan												
Effect of disposing share in a subsidiary												
As at 31 December 2025	147,886,500	16,505,381	92,023,222	92,023,222	-	42,442	7,414,722	(1,234,487)	686,158	(1,342,489)	686,158	(686,158)
											735,525,669	106,432,715
												841,958,384

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES

Consolidated Statement of Cash Flows – for the year ended 31 December 2025

	Notes	Kuwaiti Dinars	
		2025	2024
Operating activities			
Profit for the year before taxation and director's fee		88,735,030	68,719,253
Adjustments for:			
Depreciation of investment and hotel properties	3 & 4	16,659,694	16,770,313
Depreciation of rights of use assets	6	8,576,767	8,575,203
Provision for staff indemnity		939,461	2,370,478
Net gain (loss) on investment securities		3,342	(1,049)
Finance costs		7,952,911	13,417,777
Bank deposit income		(4,435,026)	(8,503,122)
Gain on disposal of asset held for sale	4b	(21,555,391)	-
Expected credit loss on accounts receivable	26	2,404,151	-
Share of results from associates	5	(783,345)	(793,450)
		98,497,594	100,555,403
Working capital changes:			
Receivable from associates		89,445	666,169
Accounts receivable and other assets		(25,838,704)	(12,666,940)
Accounts and other payables		(16,681,582)	(10,880,051)
Other non-current liabilities		1,892,070	-
Cash flows from operations		57,958,823	77,674,581
Payment of staff indemnity		(101,206)	(140,858)
Taxation and director's fees paid		(3,777,637)	(3,840,727)
Net cash flows from operating activities		54,079,980	73,692,996
Investing activities			
Additions to property and equipment	3	(1,446,103)	(1,246,901)
Additions to investment properties and advances paid to sub-contractor	4 & 7	(277,155,146)	(168,520,787)
Investment in term deposit more than three months		74,906,045	23,253,422
Proceeds from sale of asset held for sale		28,000,000	-
Proceeds from sale of investment securities		-	24,092
Dividend income received from investment in associates	5	356,846	275,978
Bank deposit income received		3,083,371	4,368,293
Additional investment in associates	5	(5,936,145)	(3,395,239)
Net cash flows used in investing activities		(178,191,132)	(145,241,142)
Financing activities			
Finance from banks obtained		260,585,013	172,880,127
Finance from banks repaid		(64,200,785)	(35,193,876)
Repayment of principal on lease liabilities	12	(9,067,772)	(8,705,218)
Repayment of interest on lease liabilities		(2,844,259)	(700,549)
Dividends paid	10	(19,532,166)	(18,420,980)
Funding from non-controlling interest to a subsidiary		26,343,934	4,736,922
Purchases of treasury shares		-	(319,340)
Proceeds from sale of treasury shares		-	361,782
Prepayment of bank fees		-	(4,747,261)
Finance costs paid		(53,692,942)	(40,318,566)
Net cash flows from financing activities		137,591,023	69,573,041
Net increase (decrease) in cash and cash equivalents		13,479,871	(1,975,105)
Effect of foreign currency translation		(1,079,790)	(597,120)
Cash and cash equivalents at 1 January		10,130,373	12,702,598
Cash and cash equivalents at 31 December	9	22,530,454	10,130,373

MABANEE COMPANY K.P.S.C. AND SUBSIDIARIES

Consolidated Statement of Cash Flows – for the year ended 31 December 2025

Material non-cash transactions:

	Kuwaiti Dinars	
	2025	2024
Operating activities		
Accounts receivable and other assets and prepayments	3,343,292	18,683,739
Other non-current liabilities	28,290,598	18,683,739
Accounts and other payables	29,683,805	21,315,181
Investing activities		
Additions to investment properties and advances paid to sub-contractor	(59,471,234)	(35,554,312)
Right-of-use assets	(50,871,633)	(12,256,439)
Financing activities		
Finance from banks	(4,006,274)	1,089,814
Lease liabilities	49,593,633	12,256,439

The accompanying notes 1 to 28 are an integral part of these consolidated financial statements.

1. Establishment and principal activities

Mabanee Company K.P.S.C (the "Parent Company") is a public Shareholding Company and is registered and incorporated in Kuwait since 1964. The objectives of the Parent Company are as follows:

- Construction of buildings in prefabricated units and carrying out other construction works. For doing the same, the Parent Company may:
 - Establish factories and plants in order to achieve its objectives.
 - Trade in all materials, tools and machines associated with the nature of its business.
 - Carry out construction works.
 - Investing in construction, reconstruction and housing operations.
- Establish buildings, shopping malls, commercial exhibitions, stores, and different warehouses for own use and for use of others', as well as sale, rent, manage and maintenance of those owned by others.
- Export, and import all types of materials, tools, equipment and others that are related to nature of the Parent Company's activity.
- Own, sale, and purchase of real estate properties and lands and developing them for the Parent Company's account inside and outside the State of Kuwait, as well as management of third parties' properties, all with no prejudice to the provisions set out in the applicable laws, which prohibit trading in private residential plots as stipulated by virtue of such laws.
- Own, sale, and purchase of shares and bonds of the real estate companies for the benefit of the Parent Company inside and outside Kuwait only.
- Prepare studies, provide consultations in real estate fields (of all types) provided that the service provider should meet the required conditions.
- Own, manage, lease, and rent hotels, health clubs and touristic utilities.
- Carry out all maintenance work related to buildings and real estate owned by the company and others, including steel and aluminium works, maintenance work, civil works, including sanitary works, paints, mechanical, electrical, elevators and air conditioning works including extensions and spare parts, and other complementary works for buildings and constructions to ensure the preservation of buildings and their safety.
- Manage, operate, invest, rent and lease hotels, health clubs, motels, hosting houses, rest places, parks and gardens, exhibitions, restaurants, cafes, residential complexes, touristic and health resorts, entertainment and sport projects, and shops of all levels and classes including all main and sub services, in addition to related utilities and other services.
- Organize real estate exhibitions for the Parent Company's real estate projects according to the regulations adopted in the ministry.
- Holding real estate auctions.
- Own and manage commercial shopping malls and residential complexes.
- Develop and manage real estate investments funds only rather than the other types of carrying out utilizations and investment of funds for others.
- Utilize the Parent Company's financial surpluses through investment in financial and real estate portfolios managed by specialized authorities.
- Direct contribution to the development of infrastructure for residential, commercial and industrial areas and projects under BOT and management of real estate facilities under BOT.

The Parent Company may carry out similar, complementary business or works that are essential or related to its business. The Parent Company may carry out the above business in the state of Kuwait or outside by itself or through agency. The Parent Company may establish its branches inside and outside State of Kuwait. Also, the Parent Company may have an interest or be involved in any way with the entities that are engaged in similar activities or that may assist the Parent Company in achieving its objectives in Kuwait and abroad. The Parent Company may also buy these entities or merge with them.

The consolidated financial statements comprises of Mabanee Company K.P.S.C ("the Parent Company") and its consolidated subsidiaries (collectively "the Group"). The Parent Company is listed on the Boursa Kuwait. The registered postal address of the Parent Company is P.O. Box 5132, Safat 13052, State of Kuwait.

These consolidated financial statements were approved for issuance in accordance with a resolution of the Board of Directors on 1 February 2026 and are subject to the approval of shareholders at the Annual General Assembly.

2. Basis of preparation and material accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared under the historical cost basis of measurement except for financial instruments classified as investment securities at fair value through profit and loss ("Investments at FVTPL") and investment securities at fair value through other comprehensive income ("Investments at FVOCI"), which are measured at fair value.

These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is also the Group's functional and presentation currency.

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas where estimates and assumptions are material to the consolidated financial statements, or areas involving a higher degree of judgment, are disclosed in Note 27.

2.2 Going concern

The Board of Directors have, at the time of approving these consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 New and revised accounting standards

Effective for the current year

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group but however these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

Standard, interpretation, amendments	Description
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

Standards issued but not yet effective

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

Standard, interpretation, Description amendments	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027

These amendments:

- permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVTOCI and each class of financial liability measured at amortised cost; and
- Investments in equity instruments designated at FVTOCI require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

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.

The application of this standard may have an impact on the consolidated financial statements in future periods.

Standard, interpretation, Description amendments	Effective date
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its consolidated financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.
Annual Improvements to IFRS Accounting Standards – Volume 11	IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. An entity is only permitted to apply IFRS 19 if, at the end of the reporting period: <ul style="list-style-type: none">• it is a subsidiary (this includes an intermediate parent)• it does not have public accountability, and• its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.
Limited to amendments that either clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the standards	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements in the period of its initial application.

2.4 Summary of material accounting policies

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below:

2.4.1 Basis of consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent's voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an investee is stated at the non-controlling interest's proportionate share in the recognized amounts of the investee's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination.

Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Parent Company's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and income. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full. If the Parent Company loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of income.

2.4.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated cost of bringing the asset to a working condition for its intended use. Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis as mentioned below.

Buildings	10-50 years
Fixture and office equipment	5 years
Tools and motor vehicles	3 years

Freehold land is not depreciated.

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Gains and losses on retirement or disposal of assets are included in the consolidated statement of income.

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Costs are those expenses incurred by the Group that are directly attributable to the construction of asset and, for qualifying assets, borrowing costs capitalised in accordance with the Group's material accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use. The carrying values of properties in the course of construction are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

2.4.3 Investment properties

Investment property includes land and buildings held to earn rentals and/or for capital appreciation and is measured initially at its cost, including transaction costs. Freehold land is carried at cost which is deemed to have an indefinite life; accordingly, it is not subject to depreciation.

Subsequent to initial recognition, investment property other than land is measured at cost less accumulated depreciation, and any impairment losses.

The carrying amounts are reviewed at each statement of financial position date on an individual basis to assess whether they are recorded in excess of their recoverable amount. Provisions for impairment losses, if any, are made where carrying values exceed the recoverable amount.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period in which the property is derecognised.

Properties under development are carried at cost less any impairment in value. Costs are those expenses incurred by the Group that are directly attributable to the construction of asset. The carrying values of properties under development are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

2.4.4 Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and share in net assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in its carrying value. 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 recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The most recent available financial statements of the associate is used in applying the equity method. When, the financial statements of an associate used in applying the equity method are prepared as of a date different from that used by the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. The difference between the ends of the respective reporting periods is no more than three months and their respective lengths are the same from period to period. If an associate uses accounting policies other than those of the entity for like transactions and events in similar circumstances, adjustments are made for the associate's accounting policies to conform to those of the Group.

Amounts lent to associates which represents residual rights on wind-up are added to the cost of the associates.

Where a Group entity transacts with an associate of the Group, profits or losses from the transactions are eliminated to the extent of the Group's interest in the relevant associate.

2.4.5 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the 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 consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so much so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognized immediately in the consolidated statement of income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.4.6 Recognition and de-recognition of financial assets and financial liabilities

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership of the financial asset, or when it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and when it no longer retains control over the asset. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

- (1) the carrying amount of the liability before the modification; and
- (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

2.4.7 Classification of financial assets and financial liabilities

IFRS 9 requires financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. 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 Fair Value through Profit or Loss. The Group's business model is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

The Group classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost (AC)
- Investment securities at FVTPL
- Investment securities at FVOCI

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Cash and bank balances, Lease and other receivables from lessees, Other receivables in the nature of financial assets and receivables from associates are classified as debt instruments at amortised cost.

Investment securities at FVTPL

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Equity securities are classified as FVTPL unless the Group has made an irrevocable designation of FVOCI on the date of initial recognition of the equity instruments. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Investment securities at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Equity instruments at FVOCI are subsequently measured at fair value. Gains and losses on these equity instruments are never recycled to consolidated statement of income. Dividends are recognised in statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

Debt instruments at FVOCI:

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

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

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

2.4.8 Impairment of financial assets

The Group recognizes expected credit losses (ECL) on financial assets that are measured at amortized cost in accordance with IFRS 9. The amount of expected credit losses is updated at consolidated statement of financial position date.

The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions.

The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group always recognises lifetime expected credit losses (ECL) for lease and other amounts receivable from lessees. The expected credit losses on these are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- 1) the financial instrument has a low risk of default;
- 2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- 3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Event of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

General approach

The Group recognizes ECL for bank balances, receivable from associates and other receivables in the nature of financial assets using the general approach.

The Group applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset.

All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

The Group incorporates forward-looking information based on expected changes in macro- economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

Simplified approach

The Group applies simplified approach to measuring credit losses for Lease and other amounts receivable from lessees. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

2.4.9 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial instruments other than short term financial instruments carried at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rates for similar financial instruments.

2.4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets such as investment properties & property and equipment, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated statement of income in the year in which they are incurred.

2.4.11 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued and subsequently reacquired by the Parent Company and not yet reissued or cancelled. Treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any losses in excess are charged to retained earnings and then to reserves. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account.

No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.4.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.4.13 Provision for staff indemnity

The Group is liable to make defined contributions to State Plans and lump sum payments under defined benefit plans to employees at cessation of employment, in accordance with the laws of the place where they are deemed to be employed.

The defined benefit plan is unfunded and is computed as the amount payable to employees as a result of involuntary termination on the statement of financial position date. This basis is considered to be a reliable approximation of the present value of the final obligation.

2.4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current account balances with banks and term deposits with original maturity of three months or less are classified as cash and cash equivalents in the consolidated statement of cash flows.

2.4.15 Revenue recognition

Services income

The Group earns revenue from maintenance, security, advertising, logistics and other services. Revenue from services is recognised as the Group satisfies the performance obligation by transferring the promised services to the customer.

Lease revenues

Revenues from leased units as per the policy - 2.5.16 leases.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income

Interest income is recognised using the effective interest method by reference to the principal outstanding and the interest rate applicable.

Revenue from hotel operations

The Group generates hospitality income from its owned hotels. These include revenues from room occupancies, food and beverages sales and other services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from its hospitality operations:

a. Identifying performance obligations in a bundled contract

The Group provides certain hospitality services to its customers as part of a single arrangement and these arrangements may include various performance obligations that represents performing a contractually agreed-upon task(s) for a customer. The Group determined that each of these performance obligations are capable of being distinct as these services are separately identifiable from other obligations in the contract and the customer can benefit from each service on its own. Furthermore, the Group also determined that the promises of such services are distinct within the context of each contract, the transaction price is determined separately based on each obligation and these services are not highly interdependent or highly interrelated. The transaction prices is allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, the Group estimates separate transaction price for each performance obligation based on expected cost-plus margin.

b. Determine transaction price

The transaction price is the amount of consideration that is enforceable and to which the Group expects to be entitled in exchange for services promised to the customer. The Group determines the transaction price by considering the terms of the contract and business practices that are customary.

c. Determining the timing of satisfaction of services

The Group concluded that revenue from room occupancy is recognized at point over time in the accounting period when the services are rendered, revenue from food and beverages sales to its customers is recognised at point in time when the obligations are performed and other hotel revenue is recognized when such services are rendered.

d. Principal versus agent considerations

During the performance of hospitality services to its customer, the Group involves certain third parties in providing certain services. The Group has concluded that it is a principal in such arrangements as the Group retains the right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf and the Group is primarily held responsible for fulfilling each obligation to the customer.

2.4.16 Leases

The Group as lessor

Rental income from operating leases and related arrangement fees are recognised on a straight-line basis over the term of the relevant lease.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the years presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in the consolidated statement of comprehensive income. Refer to the accounting policy in section 2.5.5 'Impairment of non-financial assets'.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'General and administrative expenses' in the consolidated statement of income. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.4.17 Foreign currencies

The Group's consolidated financial statements are presented in KD, which is also the Parent Company's functional currency. For each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transaction & balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively). In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into KD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.4.18 Offsetting of financial instruments

Financial assets and liabilities are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2.4.19 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders and the regulator.

2.4.20 National Labour Support Tax (NLST)

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, cash dividends from listed companies which are subjected to NLST are deducted from the profit for the year for computing the NLST.

2.4.21 Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculates the contribution to KFAS at 1% of profit for the year, in accordance with the calculation based on the Foundation's Board of Directors resolution, which states that the Board of Directors' remuneration and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

2.4.22 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group computed in accordance with Law No. 46 of 2006 and the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

2.4.23 Contingencies

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

2.4.24 Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition.

Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset, and the sale expected to be completed within one year from the date of the classification. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2.4.25 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3. Property and equipment

	Kuwaiti Dinars			Total
	Freehold Land	Buildings	Fixture and office equipment	
Cost				
At 1 January 2024	5,648,543	139,550,877	18,516,999	1,325,538
Additions	-	-	1,220,975	25,926
Exchange differences	1,409	842	11,929	719
At 31 December 2024	5,649,952	139,551,719	19,749,903	1,352,183
Additions	-	-	1,446,103	1,446,103
Transfer	-	-	2,065,292	2,065,292
Exchange differences	(2,817)	(1,685)	(16,534)	(1,431)
At 31 December 2025	5,647,135	139,550,034	23,244,764	1,350,752
				169,792,685
Accumulated depreciation				
At 1 January 2024	-	8,366,875	10,686,078	846,033
Depreciation charge for the year	-	3,012,239	2,268,245	150,020
Exchange differences	-	4,158	3,091	579
At 31 December 2024	-	11,383,272	12,957,414	7,828
Depreciation charge for the year	-	3,000,634	2,169,471	123,304
Exchange differences	-	(8,558)	(2,307)	(1,174)
At 31 December 2025	-	14,375,348	15,124,578	30,618,688
Carrying amount				
At 31 December 2025	5,647,135	125,174,686	8,120,186	231,990
At 31 December 2024	5,649,952	128,168,447	6,792,489	355,551
				139,173,997

Depreciation charge amounting to KD 4,112,635 (31 December 2024: KD 4,343,915) has been allocated to cost of revenue for the hotels and the remaining has been charged to general and administrative expenses.

4. Investment properties

4a Investment properties

	Kuwaiti Dinars	
	2025	2024
Cost		
At 1 January	1,250,640,122	1,011,503,760
Additions	381,884,250	243,353,086
Exchange differences	(6,981,747)	2,227,885
Transfer to asset held for sale (Note 4b)	-	(6,444,609)
	1,625,542,625	1,250,640,122
Accumulated depreciation		
At 1 January	(127,068,469)	(115,728,660)
Depreciation charge for the year	(11,366,285)	(11,339,809)
	(138,434,754)	(127,068,469)
Carrying amount at 31 December	1,487,107,871	1,123,571,653
Annual depreciation rates	2% - 3.33%	2% - 3.33%

Investment properties comprise of the following:

	Kuwaiti Dinars	
	2025	2024
Kuwait		
Completed properties	452,390,171	463,758,477
Properties under development	15,656,373	1,985,246
Owned land	1,371,115	1,371,115
	469,417,659	467,114,838
KSA		
Properties under development	857,881,424	495,253,619
Owned lands*	154,814,625	156,164,882
	1,012,696,049	651,418,501
Bahrain		
Owned land	4,994,163	5,038,314
	4,994,163	5,038,314
	1,487,107,871	1,123,571,653

The additions mainly represent cost amounting to KD 368,211,973 (31 December 2024: KD 236,212,386) incurred in the development of property projects of "Kingdom of Saudi Arabia" ("KSA"). This includes borrowing cost of KD 47,399,081 (31 December 2024: KD 29,935,512) capitalized during the year at a capitalization rate of 4.87% to 6.69% (31 December 2024: 4.46% to 6.28%).

*Owned lands in KSA amounting to KD 154,814,625 (31 December 2024: KD 156,164,882) has been pledged with banks (Note 13).

The investment properties in Kuwait, owned land in KSA and hotels (Note 3) are fair valued using market comparable and significant unobservable valuation inputs, accordingly investment properties amounting to KD 445,898,659 (31 December 2024: KD 449,840,789) are classified under level 2 and investment properties amounting to KD 1,022,904,119 (31 December 2024: KD 1,044,146,783) are classified under level 3 respectively of fair value hierarchy. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. During the year, there were no transfers between the levels. The fair value excludes the payment of properties under development, which represents a total of KD 873,537,797 (31 December 2024: KD 497,238,865).

The investment properties comprise of assets which are operational or under development in Kuwait on a leasehold land.

Revenues and expenses pertaining to investment properties are disclosed under Notes 16 and 18 respectively.

4b Asset held for sale

During previous year, one of the subsidiary of the Group entered into a binding agreement to sell its freehold interest in a parcel of land located in the State of Kuwait, which had a carrying value of KD 6,444,609 for a consideration of KD 28,000,000.

During the year, the buyer finalized all the necessary conditions and legal obligations as defined in the binding agreement, upon which the Group transferred the land deeds to the buyer and recognised a gain from sale of KD 21,555,391 in the consolidated statement of income.

5. Investment in associates

Details of the Group's associates at 31 December 2025 are as follows:

Name of associates	Principal activity	Place of incorporation and operation	Ownership interest and voting power		Kuwaiti Dinars Carrying Value	
			2025	%	2024	%
Injaz Mabanee Real Estate Company W.L.L. ("IMRECO")	Real estate development and investments	Kuwait	40	40	20,883,878	20,889,201
J3 For Management and Development of Lands and Real Estate W.L.L. ("J3")	Real estate development and investments	Kuwait	35	35	16,782,241	10,809,630
Al Sorouh Residence W.L.L. ("ASR")	Real estate development and management of residential building	Bahrain	35	35	1,616,564	1,669,547
Al Sorouh Hospitality Development Real Estate W.L.L. ("ASH")	Real estate development and management of commercial & industrial centres building	Bahrain	35	35	4,125,612	4,134,818
Al Sorouh Management Company W.L.L ("ASM")	Real estate development and management of commercial & industrial centres & residential building	Bahrain	35	35	20,023,504	19,780,717
					63,431,799	57,283,913
					Kuwaiti Dinars	
					2025	2024
Balance at 1 January	57,283,913	53,256,704				
Increase in Investment	5,936,145	3,395,239				
Group's share of results of the associates	783,345	793,450				
Exchange differences	(214,758)	114,498				
Dividend income received	(356,846)	(275,978)				
Balance at 31 December	63,431,799	57,283,913				

The movement in investments in associates are as follows:

	Kuwaiti Dinars	
	2025	2024
Balance at 1 January	57,283,913	53,256,704
Increase in Investment	5,936,145	3,395,239
Group's share of results of the associates	783,345	793,450
Exchange differences	(214,758)	114,498
Dividend income received	(356,846)	(275,978)
Balance at 31 December	63,431,799	57,283,913

Notes to the Consolidated Financial Statements – for the year ended 31 December 2025

The summarised financial information in respect of the management accounts of the associates as at and for the year ended 31 December is as follows:

	Kuwaiti Dinars						Total						
	ASM		J3		IMRECO								
	2025	2024	2025	2024	2024	2025	2024	2025	2024	2025	2024	2024	2024
Current assets													
Current assets	10,352,012	7,401,430	16,171,927	4,787,540	14,256	14,256	3,054,199	3,391,288	29,592,394	15,594,514			
Non-current assets	118,594,522	115,801,798	149,296,309	137,292,962	66,510,690	66,510,690	25,272,411	26,078,547	359,673,932	345,683,997			
Current liabilities													
Current liabilities	(32,665,305)	(9,119,207)	(2,218,514)	(1,090,942)			(7,453)	(1,642,323)	(2,780,317)	(36,526,142)	(12,997,919)		
Non-current liabilities	(39,071,223)	(57,567,686)	(114,538,733)	(109,754,984)			(10,278,064)	(10,110,280)	(163,88,020)	(177,432,950)	(430,026)		
Accounting policy adjustments *													
Equity	57,210,006	56,516,335	48,710,989	31,234,576	66,167,472	66,087,467	16,406,223	16,579,236	188,494,690	170,417,614			
Group's adjustment on associate's equity													
Group's carrying amount in the investment													
Revenue	20,023,504	19,780,717	16,782,241	10,809,630	20,883,878	20,889,201	5,742,176	5,804,365	63,431,799	57,283,913			
Profit (loss) for the year	11,249,777	7,470,561	194,713	394,887			4,219,572	3,267,857	15,664,062	11,133,305			
Group's share of profit (loss) for the year	2,009,834	1,983,812	104,192	390,460	(41,401)	(12,022)	171,415	(93,534)	2,244,040	2,268,716			
	703,442	694,334	36,467	136,661	(16,560)	(4,809)	59,996	(32,736)	783,345	793,450			

* The investment property included in the books of account of one of the associates is carried at fair value. Appropriate adjustments have been made to the share of results from the associate to comply with the Group's accounting policy.

The Group's 35% equity interest in J3 are pledged to secure the loans obtained by the associate to finance the underlying project. This pledge corresponds to the Group's shareholding in the associate and is intended solely as collateral for the associate's financial obligations. The pledge does not impact the Group's ability to exercise its rights as a shareholder and the Group is actively monitoring the associate's project progress and ensure compliance with the loan terms.

6. Right-of-use assets

	Kuwaiti Dinars		
	Building	Leasehold land	Total
Cost			
At 1 January 2024	2,596,171	35,464,159	38,060,330
Additions	-	12,256,439	12,256,439
Disposals	(37,589)	-	(37,589)
Exchange differences	(6,566)	-	(6,566)
At 31 December 2024	2,552,016	47,720,598	50,272,614
Additions	50,871,633	-	50,871,633
Exchange differences	45,566	-	45,566
Adjustments	27,769	-	27,769
At 31 December 2025	53,496,984	47,720,598	101,217,582
Accumulated depreciation			
At 1 January 2024	1,313,692	17,183,778	18,497,470
Depreciation charge for the year	350,811	8,224,392	8,575,203
Disposals	(29,757)	-	(29,757)
Exchange differences	(8,909)	-	(8,909)
At 31 December 2024	1,625,837	25,408,170	27,034,007
Depreciation charge for the year	2,424,343	8,474,798	10,899,141
Exchange differences	5,266	-	5,266
Adjustments	(337,316)	-	(337,316)
At 31 December 2025	3,718,130	33,882,968	37,601,098
Carrying amount			
At 31 December 2025	49,778,854	13,837,630	63,616,484
At 31 December 2024	926,179	22,312,428	23,238,607

1. The underlying lease on which The Avenues – Kuwait is constructed was renewed for a period of five years ending September 2030, with no major changes to its terms and conditions.
2. During the previous year, the Parent Company was awarded a tender from Touristic Enterprise Company (“TEC”) to operate and manage a seafront resort located in Kuwait for a period of 17 years. To facilitate the execution of this contract, the Parent Company issued a letter of guarantee amounting to KD 3,834,000 in favour of TEC and made an advance payment of KD 1,278,000. This amount was previously recognised within accounts receivable and other assets until the contract was completed and the actual date for operating the resort is determined. The Parent Company signed the contract with TEC on 4 July 2024.

On 15 April 2025, the Parent Company formally took possession of the leased asset and commenced exercising its associated rights and obligations. Consequently, in accordance with the contractual terms, the right to the leased asset has been recognised for a period of 17 years.

The investment properties comprise of assets which are operational or under development in Kuwait on a leasehold land (Note 4).

The Group has leased land, building and office space for commercial use. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The maturity analysis of lease liabilities is presented in Note 12. The total cash outflow for leases during the current year amount to KD 9,067,772 (31 December 2024: KD 8,705,218).

Amount recognized in consolidated financial statements is:

	Kuwaiti Dinars	
	2025	2024
Depreciation expense on right-of-use assets (included in investment properties) (Note 4)	2,322,374	99,778
Depreciation expense on right-of-use assets (included in general and administrative expenses) (Note 19)	452,153	350,811
Depreciation expense on right-of-use assets (included in investment properties expenses) (Note 18)	<u>8,124,614</u>	<u>8,124,614</u>
	<u>10,899,141</u>	<u>8,575,203</u>

7. Advance payments and prepayments

	Kuwaiti Dinars	
	2025	2024
Advance payment to contractors	51,276,681	48,309,927
Prepayments	12,155,563	9,817,233
Others	<u>666,965</u>	<u>1,169,010</u>
	<u>64,099,209</u>	<u>59,296,170</u>

8. Accounts receivable and other assets

	Kuwaiti Dinars	
	2025	2024
Gross lease and other amounts receivable from lessees	8,434,285	9,290,295
Less: ECL	<u>(4,098,396)</u>	<u>(1,694,245)</u>
Net lease and other amounts receivable from lessees	<u>4,335,889</u>	<u>7,596,050</u>
Monetary financial assets	9,436,891	12,304,050
VAT receivables	40,243,895	11,080,412
Advances to contractors and suppliers	984,313	1,599,184
Prepayments	<u>1,061,743</u>	<u>681,552</u>
	<u>56,062,731</u>	<u>33,261,248</u>

The maximum exposure to credit risk at the consolidated statement of financial position date is the fair value of each class of receivable as mentioned in Note 26.

The balances representing lease and other amounts receivable from lessees are partially secured against security deposits and letter of guarantees (Note 11). Group has the contractual right to set off the defaulted amounts against security deposits received from lessee.

9. Cash and bank balances

	Kuwaiti Dinars	
	2025	2024
Cash in hand	61,362	52,751
Current and call account with banks	20,063,910	9,857,592
Deposits with original maturities up to three months	<u>2,405,182</u>	<u>220,030</u>
Cash and cash equivalent for consolidated statement of cash flows	<u>22,530,454</u>	<u>10,130,373</u>
Deposits with original maturities after three months	<u>53,014,938</u>	<u>127,920,983</u>
	<u>75,545,392</u>	<u>138,051,356</u>

Deposits are placed with local and regional commercial banks denominated in Kuwaiti Dinars and Saudi Riyals. The effective interest rates on these deposits as at 31 December 2025 were 2.63% to 5.40% (31 December 2024: 4.05% to 6.30%) per annum.

The carrying amount of Group's cash and bank balances are denominated in the following currencies represented in equivalent Kuwaiti Dinars:

	Kuwaiti Dinars	
	2025	2024
Kuwaiti Dinars	6,803,009	10,670,920
US Dollars	3,653	3,891
Saudi Riyal	67,393,322	127,040,340
Other currencies	1,345,408	336,205
	75,545,392	138,051,356

10. Equity and reserves

Share capital and share premium

The authorized share capital of the Parent Company as at 31 December 2025 and 31 December 2024 is KD 155,000,000 consisting of 1,550,000,000 shares of 100 fils each.

The issued and fully paid up share capital of the Parent Company as at 31 December 2025 is KD 147,886,500 consisting of 1,478,865,002 shares (31 December 2024: KD 139,515,566 consisting of 1,395,155,663) of 100 fils each.

The capital increase was formally registered in the commercial register on 24 March 2025, based on the Ordinary General Assembly meeting.

Dividends

The Ordinary General Assembly meeting of the shareholders held on 16 March 2025 approved cash dividend of 14 fils per share and 6% bonus shares for the year ended 2024 (2023: 14 fils per share of dividends and 6% of bonus shares). The cash dividend paid during the year amounted to KD 19,532,166 (2023: KD 18,420,980). The bonus shares increased the number of issued and fully paid shares by 83,709,339 shares (2023: KD 78,971,075 shares) and share capital by KD 8,370,934 (2023: KD 7,897,107).

The Board of Directors have proposed the distribution of 20% cash dividend amounting to 20 fils per share of the paid-up capital as at 31 December 2025 to the registered shareholders as of the date of regulatory approval and 6% bonus shares amounting to KD 8,873,190 in the ratio of 6 shares for every 100 shares totaling to 88,731,900 shares to the registered shareholders on the date of regulatory approval for distribution of bonus shares. This proposal is subject to the approval of shareholders at the annual general assembly.

Statutory reserve

In accordance with the Companies Law No. 1 of 2016 and the Parent Company's Articles of Association, 10% of the profit for the year before KFAS, NLST, Zakat and Directors' fees has been transferred to statutory reserve. This percentage will be transferred each year until this reserve exceeds 50% of the share capital. Distribution of this reserve is limited to the amount required to enable the payment of a dividend upto a maximum of 5% of share capital in years when retained earnings are not sufficient for payment of such dividend.

Voluntary reserve

In accordance with the Parent Company's Articles of Association, 10% of the profit for the year before KFAS, NLST, Zakat and Directors' fees has been transferred to the voluntary reserve. This is a "voluntary reserve" according to Article 46 of the Parent Company. This transfer may be discontinued by a resolution adopted by the annual general assembly as recommended by the Board of Directors. There are no restrictions on distributions from the voluntary reserve.

Treasury shares

	Kuwaiti Dinars	
	2025	2024
Number of treasury shares	1,910	919
Percentage of share capital	0.00013%	0.00007%
Cost (Kuwaiti Dinars)	-	-
Market value (Kuwaiti Dinars)	2,059	700

Other reserves

Other reserves are on account of the net purchase of additional shares in Group's subsidiary Shomouli Holding Company L.L.C in previous years from non-controlling interest other equity shareholders.

11. Other non-current liabilities

	Kuwaiti Dinars	
	2025	2024
Security deposits	23,617,530	22,394,873
Retention payables	62,995,763	34,035,752
	<u>86,613,293</u>	<u>56,430,625</u>

12. Lease liabilities

	Kuwaiti Dinars	
	2025	2024
Current	424,459	8,822,644
Non-current	65,190,550	13,222,774
	<u>65,615,009</u>	<u>22,045,418</u>

	Kuwaiti Dinars		
	Leasehold		Total
	Building	land	
At 1 January 2024	1,365,707	16,435,461	17,801,168
Additions	-	12,256,439	12,256,439
Finance costs charged to profit or loss	55,695	644,854	700,549
Lease payments	(190,087)	(8,515,131)	(8,705,218)
Rent relief	(9,947)	-	(9,947)
Exchange differences	2,427	-	2,427
At 31 December 2024	1,223,795	20,821,623	22,045,418
Additions	49,593,633	-	49,593,633
Finance costs (charged to profit or loss and capitalized)	2,157,814	686,445	2,844,259
Lease payments	(516,298)	(8,551,474)	(9,067,772)
Exchange differences	47,677	-	47,677
Adjustments	151,794	-	151,794
At 31 December 2025	52,658,415	12,956,594	65,615,009

Maturity analysis:

	Kuwaiti Dinars	
	2025	2024
Year 1	424,459	8,822,644
Year 2	5,733,955	409,005
Year 3	6,231,853	752,468
Year 4	6,004,086	987,273
Year 5	5,954,541	874,601
Above 5 years	41,266,115	10,199,427
	65,615,009	22,045,418

Amount recognized in consolidated financial statements is:

	Kuwaiti Dinars	
	2025	2024
Finance costs (included in investment properties) (Note 4)	2,685,209	161,544
Finance costs (included in finance costs)	159,050	539,005
	2,844,259	700,549

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. The carrying amounts of the Group's lease liabilities are denominated in Kuwaiti Dinars and Emirati Dirhams.

13. Finance from banks

	Kuwaiti Dinars	
	2025	2024
Non-current		
Murabaha and Islamic finance	835,494,463	580,487,318
	835,494,463	580,487,318
Current		
Bank overdraft facilities	16,000,000	22,693,821
Murabaha and Islamic finance	27,852,562	83,787,932
	43,852,562	106,481,753
	879,347,025	686,969,071

	Kuwaiti Dinars	
	2025	2024
Finance from Banks in KWD	295,704,837	361,468,108
Finance from Banks in SAR equivalent to KWD	583,659,438	325,500,963
	879,364,275	686,969,071

Bank facilities are drawn from local and regional commercial banks denominated in Kuwaiti Dinars and Saudi Riyals. The facilities are drawn at the floating interest rate effective interest rates on these facilities as at 31 December 2025 is 6.69% (31 December 2024: 6.28%) per annum, and a maturity with the last payment by 2036.

The following assets has been pledged to the lender banks against the obtained finance from banks.

	Kuwaiti Dinars	
	2025	2024
Owned lands in KSA (Note 4)	154,814,625	156,164,882
	154,814,625	156,164,882

The pledge land has a project being constructed with a carrying value of KD 857,881,424 (31 December 2024: KD 495,253,619) as of reporting date.

14. Accounts and other payables

	Kuwaiti Dinars	
	2025	2024
Accounts payables	3,104,665	3,547,164
Retentions payable	354,009	2,370,056
Payable to contractors & project accruals	30,486,896	21,760,270
Deferred income	79,559	2,299,249
Rent received in advance	4,118,423	4,321,606
Payable to Zakat and NLST	3,245,279	2,470,732
Payable to KFAS	880,681	683,158
Dividend payables	783,134	745,571
Other payables	27,467,690	21,398,933
	70,520,336	59,596,739

15. Segment reporting

The Group is organised into functional divisions in order to manage its various lines of business. The reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance and is reconciled to the Group's profit or loss. Segment performance is evaluated based on operating profit or loss as explained in the table below. The Group has following reportable segments:

- Construction and real estate operations: consist of leasing of properties, real estate development, projects leasing and the construction activity for self or others.
- Hotel operations: consist of the hotel services provided through Hilton Garden Inn Hotel and Waldorf Astoria Hotel, Kuwait.

		Kuwaiti Dinars							
		Construction and real estate investment			Hotel operations		Unallocated	Total	
		2025	2024	2025	2024	2025	2024	2025	2024
Segment revenue	118,385,605	116,035,924	21,084,101	17,583,863	25,793,196	8,858,294	165,262,902	142,478,081	
Segment expenses	(54,457,274)	(54,660,348)	(17,877,941)	(16,553,696)	(9,032,617)	(6,455,275)	(81,367,832)	(77,669,319)	
Segment results	63,928,331	61,375,576	3,206,160	1,030,167	16,760,579	2,403,019	83,895,070	64,808,762	
Segment assets	1,809,515,714	1,436,216,470	135,017,952	139,581,588	6,694,903	8,577,719	1,951,228,569	1,584,375,777	
Segment liabilities	1,103,464,303	823,788,218	4,155,188	5,638,104	1,650,694	2,004,863	1,109,270,185	831,431,185	

		Kuwaiti Dinars							
		Kuwait			Saudi Arabia		Others	Total	
		2025	2024	2025	2024	2025	2024	2025	2024
Segment revenue	162,380,385	140,512,037	566,993	193,801	2,315,524	1,772,243	165,262,902	142,478,081	
Segment expenses	(76,455,147)	(74,927,857)	(3,417,281)	(2,251,750)	(1,495,404)	(489,712)	(81,367,832)	(77,669,319)	
Segment results	85,925,238	65,584,180	(2,850,288)	(2,057,949)	820,120	1,282,531	83,895,070	64,808,762	
Segment assets	833,769,520	861,127,171	1,081,390,835	685,566,946	36,068,214	37,681,660	1,951,228,569	1,584,375,777	
Segment liabilities	429,889,618	446,432,341	677,630,813	382,784,944	1,749,754	2,213,900	1,109,270,185	831,431,185	

16. Revenue from investment properties

The details of revenue relating to construction and real estate investments (Note 4) are:

	Kuwaiti Dinars	
	2025	2024
Lease income from investment properties	92,498,898	90,957,076
Income from services	10,739,316	10,122,753
Arrangement fees	96,092	371,359
Advertising services	8,956,830	8,653,282
Others	5,311,124	5,138,004
	117,602,260	115,242,474

Geographical markets

	Kuwaiti Dinars	
	2025	2024
Kuwait	116,194,287	114,121,865
Bahrain	987,902	956,649
Saudi Arabia	420,071	163,960
	117,602,260	115,242,474

Timing of revenue recognition

Revenue recognised point in time	5,311,124	5,138,004
Revenue recognised over time	19,792,238	19,147,394

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group. The lessee does not have an option to purchase the property at the expiry of the lease period.

17. Revenue from hotel operations

	Kuwaiti Dinars	
	2025	2024
Income from rooms bookings	13,162,265	10,503,524
Food and beverages	6,101,265	5,505,964
Others	1,820,571	1,574,375
	21,084,101	17,583,863

Geographical markets

Kuwait	21,084,101	17,583,863
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Timing of revenue recognition

Revenue recognised point in time	21,084,101	17,583,863
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18. Investment properties expenses

The details of expenses relating to construction and real estate investment (Note 4) are:

	Kuwaiti Dinars	
	2025	2024
Depreciation expense on right of use assets (Note 6)	8,124,614	8,124,614
Repairs and maintenance	7,097,897	6,194,154
General operating expenses	12,102,169	11,341,703
	27,324,680	25,660,471

19. General and administrative expenses

	Kuwaiti Dinars	
	2025	2024
Staff costs	3,143,331	3,338,823
Depreciation on property and equipment (Note 3)	1,011,029	1,086,589
Depreciation of rights of use of assets (Note 6)	452,153	350,811
Direct rent expense	103,288	63,124
Expected credit loss on accounts receivable (Note 26)	2,404,151	-
Other costs	4,892,102	1,947,728
	12,006,054	6,787,075

20. Taxation

	Kuwaiti Dinars	
	2025	2024
Contribution to Kuwait's KFAS	880,681	683,158
Contribution to Kuwait's NLST	2,316,110	1,783,809
Contribution to Kuwait's Zakat	929,169	713,524
	4,125,960	3,180,491

21. Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group management.

Balances with related parties included in the consolidated statement of financial position are as follows:

	Kuwaiti Dinars	
	2025	2024
Right-of-use assets		
Office premises	429,425	552,117
Accounts receivable and prepayments		
Lease and other receivables from lessees	106,071	109,900
Receivables from associate		
On demand	318,398	407,843
The amount receivable is interest free.		
Lease liabilities	483,741	610,988
Accounts and other payables		
Rent received in advance		
Within one year	1,628,820	1,398,216

Transactions

Transactions with related parties included in the consolidated statement of income are as follows:

	Kuwaiti Dinars	
	2025	2024
Revenue	<u>14,812,081</u>	16,790,004
Expenses	<u>506,719</u>	130,700
Management fees (Included in investment properties revenue)	<u>1,410,742</u>	1,385,185

Transactions with related parties included in the consolidated statement of financial position are as follows:

	Kuwaiti Dinars	
	2025	2024
Assets		
Property and equipment/Investment properties	<u>1,112,391</u>	297,874

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

Balances with key management personnel

	Kuwaiti Dinars	
	2025	2024
Termination benefits	<u>2,897,863</u>	2,705,188
Short term benefits	<u>175,923</u>	166,139
	<u>3,073,786</u>	2,871,327

Transactions with key management personnel

	Kuwaiti Dinars	
	2025	2024
Salaries and other short-term benefits	<u>1,499,082</u>	1,363,135
Termination benefits	<u>191,346</u>	1,210,079
	<u>1,690,428</u>	2,573,214

Director's fee

The Director's fee of KD 714,000 (2024: KD 724,000) is subject to the approval of shareholders at the Annual General Assembly. The Ordinary General Assembly meeting of the shareholders held on 16 March 2025 approved the director fee of KD 730,000 for the year ended 31 December 2024.

22. Basic and diluted earnings per share

Basic and diluted earnings per share is computed by dividing profit for the year attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year.

There are no potential dilutive ordinary shares. The information necessary to calculate basic earnings per share based on the weighted average number of shares outstanding during the year is as follows:

	Kuwaiti Dinars	
	2025	2024
Profit for the year attributable to equity holders of the Parent Company	<u>84,562,016</u>	<u>65,212,255</u>
Shares		
Weighted average number of outstanding shares during the year:		
Issued shares*	1,478,865,002	1,478,865,002
Treasury shares**	(1,606)	(176,088)
Total	<u>1,478,863,396</u>	<u>1,478,688,914</u>
Basic and diluted earnings per share	<u>57.18 fils</u>	<u>44.10 fils</u>

* Weighted average number of outstanding issued shares include retrospective adjustment for the number of shares for bonus shares issued in 2024. Earnings per share have been adjusted to account for the bonus shares issued in 2024 (Note 10).

**The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

23. Subsidiaries

Details of the Group's subsidiaries at 31 December 2025 are as follows:

Name of subsidiary	Place of Incorporation	Proportion of ownership interest and voting power		Principal activities
		2025	2024	
		%	%	
<i>Directly held</i>				
Kuwait Prefabricated Building Company S.P.C.	Kuwait	100	100	General trading and contracting
Al-Rai Real Estate Company S.P.C.	Kuwait	100	100	Investments in real estate
The Second Mabanee for General Trading and Contracting Company S.P.C. Kuwait	Kuwait	100	100	Investments, general trading and contracting
The Avenues Holding Company K.S.C. (Closed)	Kuwait	100	100	Investments
Urban Hospitality and Hotel Management Company S.P.C. (Formerly known as Fifth Ring Road Company S.P.C.)	Kuwait	100	100	Investments, general trading and contracting
Mabanee Egypt for Real Estate Development Ltd.	Egypt	100	100	Investment in real estate
Mabanee Bahrain Company W.L.L.	Bahrain	100	100	Investment in real estate Warehousing facilities,
Al-Rai Logistica K.S.C. (Closed)	Kuwait	98.18	98.18	construction and management
Shomoul Holding Company L.L.C. *	Kingdom of Saudi Arabia	73	80	Investment in real estate

S3 Project Company for Management and Development of Lands and Real Estate Company S.P.C.	Kuwait	100	100	Investment in real estate
Mabanee AlRai Real Estate Company S.P.C.	Kingdom of Saudi Arabia	100	100	Investment in real estate
Second Mabanee Property Management Company S.P.C.	Kingdom of Saudi Arabia	100	100	Investments, general trading and contracting
				Property development, purchase and sale of land and properties, management of owned and leased properties, and trading of equipment and construction
J3 For Import & Export Company W.L.L.	Kuwait	65	65	materials
Entertainment City Group Company For Children's Amusement Games L.L.C. **	Kuwait	80	80	Operation and management of family entertainment centers
<i>Held through The Avenues Holding Company K.S.C. (Closed)</i>				
The Avenues for Publication, Advertising, Distribution and Technical Production Company S.P.C.	Kuwait	100	100	Advertising, publishing, distribution and art production
<i>Held through Second Mabanee Property Management Company S.P.C.</i>				
Shomoul Al Maaly Real Estate Company S.P.C.	Kingdom of Saudi Arabia	100	-	Property development, purchase and sale of land and properties, management of owned and leased properties and real estate brokerage services
<i>Held through Al-Rai Logistica K.S.C. (Closed)</i>				
Enkay Express Company For Cargo Transportation Import Export Commission Agent S.P.C.	Kuwait	100	100	Freight forwarding and warehousing services
Al Rai Logistica Company Bahrain W.L.L.	Bahrain	100	100	Freight forwarding and warehousing services
Enkay Express Bahrain W.L.L.	Bahrain	100	100	Freight forwarding and warehousing services
Al Rai Logistica UAE L.L.C.	United Arab Emirates	100	100	Freight forwarding and warehousing services
Enkay Express UAE	United Arab Emirates	100	100	Freight forwarding and warehousing services
<i>Held through Shomoul Holding Company L.L.C.</i>				
Shomoul Al Riyadh Hotels Company	Kingdom of Saudi Arabia	100	100	Property development and investment
Shomoul Commercial Mall Company	Kingdom of Saudi Arabia	100	100	Property development, purchase and sale of land and properties, management of owned and leased properties
Shomoul Medical Care Company	Kingdom of Saudi Arabia	100	100	Construction and operation of hospital, medical centres and governmental and private dispensaries
Shomoul Al Riyadh Cooling and Air Conditioning Company	Kingdom of Saudi Arabia	100	100	Repair and maintenance of refrigerators and air purifiers, and production and distribution of chilled water

					Property development, purchase, sale and renting of land and properties, management of owned and leased properties
Durrat Shomoul Hotels Company	Kingdom of Saudi Arabia	100	100		Property development, purchase, sale and renting of land and properties, management of owned and leased properties
Shomoul Al-Oula Hotels Company	Kingdom of Saudi Arabia	100	100		Property development, purchase, sale and renting of land and properties, management of owned and leased properties
Shomoul Al Maaly Real Estate Company S.P.C.	Kingdom of Saudi Arabia	-	100		Property development, purchase and sale of land and properties, management of owned and leased properties
Marafiq Shomoul Real Estate Development	Kingdom of Saudi Arabia	100	100		Property development, purchase, sale and renting of land and properties, management of owned and leased properties
Shomoul Al Khobar Real Estate Development Company	Kingdom of Saudi Arabia	100	100		Purchasing land, construction of buildings, and invest for sale and rental benefits
Shomoul Al Sharqiah Development, Commercial and Investment Company	Kingdom of Saudi Arabia	100	100		Property development, purchase and sale of land and properties, management of owned and leased properties
Shomoul Hospitality Company	Kingdom of Saudi Arabia	100	100		Engage in hotel, accommodation and food services

* During the year, the Parent Company transferred 7% stake in Shomoul Holding Company L.L.C to the minority shareholder through a restructuring scheme where the compensation was through the current accounts between the shareholders.

During the year, the minorities of Shomoul Holding Company L.L.C have contributed an additional shareholder funding of KD 26,343,934 which was paid towards the project's under development.

** During the year, the Company was newly incorporated.

Summarized financial information in respect of Shomoul Holding Company L.L.C that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup elimination.

Particulars	Kuwaiti Dinars	
	2025	2024
Current Assets	51,303,635	11,870,503
Non-current Assets	1,029,731,298	673,696,443
Current liabilities	(31,042,487)	(22,931,831)
Non-current liabilities	(646,442,212)	(359,853,113)
Equity attributable to owners of the Company	(297,183,867)	(219,480,277)
Non-controlling interests	(106,366,367)	(83,301,725)
Revenue	292,362	29,841
Expenses	(3,290,083)	(2,018,984)
Loss for the year	(2,997,721)	(1,989,143)
Loss attributable to the owners of the Company	(2,338,457)	(1,591,315)
Loss attributable to the non-controlling interests	(659,264)	(397,828)
Loss for the year	(2,997,721)	(1,989,143)
Net cash (used in) from operating activities	(25,019,317)	1,056,043
Net cash used in investing activities	(293,103,028)	(186,440,997)
Net cash from financing activities	328,312,350	183,013,210
Net cash inflow (outflow)	10,190,005	(2,371,744)

24. Commitments and contingent liabilities

a) Capital commitments outstanding for the Group as at 31 December 2025 is KD 689,910,894 (2024: KD 1,067,773,656).

The Group has secured debt in place to finance the project expansions with the value of the debt undrawn as of December 31, 2025, amounting to KD 244,182,979 (2024: KD 513,491,037) which is part of the debt plan in addition to the shareholder's funding.

Subsequent to the year end, the group has secured an additional debt facility amounting to KWD 476,556,861 which is available for drawdown.

b) At 31 December 2025, the Group has given letters of credit, outstanding bank and corporate guarantee amounting to KD 73,884,051 (2024: KD 87,378,606) in the ordinary course of business.

25. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of receivable from associates, lease and other amounts receivable from lessees, other receivables in the nature of financial assets, investment securities and cash and bank balances. Financial liabilities consist of lease liabilities, finance from banks and accounts and other payables.

Fair value

Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of financial instruments that are carried at amortized cost are not significantly different from book value as the majority are short-term in nature. The methods and assumptions used in estimating the fair values of financial instruments are disclosed in note 2 of accounting policies section.

The table below analyses financial instruments carried at fair value by valuation methods. The different levels have been defined as follows:

- Level 1 : Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Financial instruments risk management

26. Financial instruments risk management

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into interest risk, foreign currency risk and equity price risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group is exposed to credit risk on accounts receivable from lessees and others, receivables from associates and balances with banks. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Policies and procedures are in place to perform ongoing credit evaluations of the financial condition of counterparties and customers.

The exposure to credit risk on accounts receivables from lessees is limited as the Group has contractual right to set the defaulted amounts against security deposits received from customers. The current accounts are placed with banks with high credit ratings assigned by reputed external credit rating agencies and has low credit risk.

The maximum exposure to credit risk on the Group's financial assets at the reporting date was:

	Kuwaiti Dinars	
	2025	2024
Receivables from associates	318,398	407,843
Accounts receivables & other assets	13,772,780	19,900,100
VAT receivables	40,243,895	11,080,412
Current and call accounts with banks and term deposits with banks	75,484,030	137,998,605
	129,819,103	169,386,960

The following table contains an analysis of the maximum credit risk exposure of financial instruments for which an ECL allowance is applied:

	Approach	Kuwaiti Dinars					
		31 December 2025			31 December 2024		
		Gross carrying amount at default	ECL	Net carrying amount	Gross carrying amount at default	ECL	Net carrying amount
Current and call account with banks	General	20,063,910	-	20,063,910	9,857,592	-	9,857,592
Deposits with original maturities up to three months	General	2,405,182	-	2,405,182	220,030	-	220,030
Deposits with original maturities after three months	General	53,014,938	-	53,014,938	127,920,983	-	127,920,983
Lease and other amounts receivable from lessees	Simplified	8,434,285	(4,098,396)	4,335,889	18,059,610	(1,694,245)	16,365,365
Other accounts receivables in nature of financial assets	General	9,436,891	-	9,436,891	3,534,735	-	3,534,735
VAT receivables	General	40,243,895	-	40,243,895	11,080,412	-	11,080,412
Receivables from associates	General	318,398	-	318,398	407,843	-	407,843
		133,917,499	(4,098,396)	129,819,103	171,081,205	(1,694,245)	169,386,960

Credit risk from bank balances is limited because the counterparty is reputable financial institution with appropriate credit-ratings assigned by international credit-rating agencies and VAT receivable is receivable from government authorities with less credit risk.

Impairment on bank balances has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Company considers that its bank balances to have low credit risk based on the external credit ratings of the counterparties.

All financial assets for which ECL is computed under General approach are considered to be of good quality and classified under Stage 1.

Notes to the Consolidated Financial Statements – for the year ended 31 December 2025

The following table shows the movement in the loss allowance that has been recognised for lease and other amounts receivable from lessees:

	Kuwaiti Dinars	
	2025	2024
Opening	(1,694,245)	1,694,245
Net movement in loss allowance	(2,404,151)	-
Closing	<u>(4,098,396)</u>	<u>1,694,245</u>

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its commitments. The Group manages liquidity risk by maintaining adequate cash and bank balances and borrowing facilities and by continuously monitoring forecast and actual cash flows. The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2025 and 2024, based on contractual payment dates:

31 December 2025	Kuwaiti Dinars			
	Within 3 months	3 to 12 months	1 to 7 Years	Total
Finance from banks	20,572,138	62,715,725	1,208,068,273	1,291,356,136
Other non-current liabilities	-	-	86,613,293	86,613,293
Lease liabilities	176,069	578,021	113,024,022	113,778,112
Accounts and other payables	38,854,664	27,467,689	-	66,322,353
Total liabilities	59,602,871	90,761,435	1,407,705,588	1,558,069,894
Commitments	127,264,037	200,060,403	362,586,454	689,910,894
31 December 2024	Kuwaiti Dinars			
	Within 3 months	3 to 12 months	1 to 7 Years	Total
Finance from banks	27,499,778	104,643,171	778,825,371	910,968,320
Other non-current liabilities	-	-	56,430,625	56,430,625
Lease liabilities	244,988	9,281,586	17,635,305	27,161,879
Accounts and other payables	37,452,235	22,144,504	-	59,596,739
Total liabilities	65,197,001	136,069,261	852,891,301	1,054,157,563
Commitments	94,331,465	608,769,936	364,672,256	1,067,773,657

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Group manages this risk by diversifying its investments. The Group exposure to equity price risk is immaterial.

Interest rate risk

Interest rate risk arises from the risk that future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from its exposure to interest bearing liabilities, which are at floating rates and pegged to Kuwait and Saudi Central Bank's Discount Rate.

The Group monitors its interest rate exposure on a dynamic basis and considers the options for refinancing, renewal of existing positions and alternative financing to limit its losses against adverse movement of interest rates.

At 31 December 2025, if interest rates on borrowings at that date had been 25 basis points higher with all other variables held constant, the profit or interest capitalized to CWIP for the year would have been lower by KD 2,155,881 (31 December 2024: KD 1,673,012). Alternatively, a 25 basis points decrease in interest rates, would have had the equal but the opposite effect on the profit or the interest capitalized to CWIP.

Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Group has expanded its operation in Kingdom of Saudi Arabia and Bahrain and is exposed to foreign currency risk arising mainly from Saudi Riyal, Bahraini Dinar and Emirati Dirham. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

If as at 31 December 2025, Kuwaiti Dinars had weakened by 5% against the Saudi Riyal, Bahraini Dinar and Emirati Dirham with all other variables held constant, the comprehensive income for the year would have been higher by KD 21,901,328 (31 December 2024: KD 18,580,803) mainly as a result of foreign exchange loss on translation of its subsidiaries in the Kingdom of Saudi Arabia and Bahrain. A 5% of strengthening of Kuwaiti Dinars against the Saudi Riyal, Bahraini Dinar and Emirati Dirham would have had the equal but the opposite effect on consolidated statement of comprehensive income.

Currency	Kuwaiti Dinars	
	<i>Effect of Change on other comprehensive income</i>	
	2025	2024
Saudi Riyal	20,177,512	16,840,888
Bahraini Dinar	1,647,676	1,621,761
Emirati Dirham	76,140	118,154
	21,901,328	18,580,803

Equity price risk

Equity price risk is the risk that the fair values of equities will fluctuate as a result of changes in the level of equity indices or the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. At the reporting date, the Group is not materially exposed to equity price risk.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

27. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. Management considers net debt to equity for calculating its gearing ratio. Net debt is total borrowings as shown in consolidated statement of financial position less cash and bank balances. In order to maintain or adjust the capital structure, the Parent Company may increase capital, adjust the amount of dividends paid to shareholders or sell assets to reduce debt. Under the laws of Kuwait, the Parent Company also appropriates 10% of its net profit to a statutory reserve till it exceeds 50% of the share capital, with restrictions on distribution.

	Kuwaiti Dinars	
	2025	2024
Finance from banks (Note 13)	879,347,025	686,969,071
Lease liabilities (Note 12)	65,615,009	22,045,418
Less: Cash and bank balances (Note 9)	(75,545,392)	(138,051,356)
Net debt	869,416,642	570,963,133
Equity	841,958,383	752,944,592
Total	1,711,375,025	1,323,907,725
 Gearing ratio	 51%	 43%

28. Significant accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Judgments and estimates that are significant to the financial statements are:

Capitalization of costs of properties under development

The Group has significant capital expenditure with respect to the construction of new shopping complexes and hotels. The determination of the elements of cost that are eligible to be capitalized; and the identification and write off of costs relating to projects in progress that may not meet the relevant capitalization criteria, requires significant management judgment.

Impairment of tangible assets and useful lives

The Group reviews the carrying amounts of its tangible assets including 'property and equipment' and 'investment properties' to determine whether there is any indication that those assets have suffered an impairment loss in accordance with accounting policies stated in note 2. The recoverable amount of an asset is determined based on higher of fair value and value in use. The fair valuation is based on sales comparison, income capitalization and market comparable methods and the significant valuation inputs used are based on unobservable market data.

The Group's management determines the useful lives of tangible assets and related depreciation charge. The charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Extension and termination options in lease contracts

Extension and termination options are included in operating leases entered by the Group. These terms are used to maximise operational flexibility in terms of managing contracts. These options held are exercisable both by the Group and the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 8.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).