Privatization Holding Company - K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated financial statements and independent auditor's report
For the year ended 31 December 2024

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State of Kuwait

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Contents

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Independent Auditor's Report

To the Shareholders of Privatization Holding Company - K.P.S.C.
State of Kuwait

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Privatization Holding Company - K.P.S.C. ("the Parent Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the related consolidated statement of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Emphasis of a matter

We draw attention to Note No. (24-B) to the accompanying consolidated financial statements regarding a claim letter from National Bank of Kuwait as a creditor to initiate execution procedures on the funds of another party and the guarantors. Our opinion is not qualified with respect to this matter.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditor's Report (Continued)

Key Audit Matters (Continued)

Impairment of investment in associates

The Group exercises significant influence over certain entities assessed to be associates with carrying value of KD 46,791,133 as at 31 December 2024. Investment in associates are accounted for under the equity method of accounting and management determines at the end of each reporting period the existence of any objective evidence through which the Group's investment in associates may be impaired. If there is an indication that the Group's interest in associate might be impaired, the management compares the entire carrying amount of the investment in associate to its recoverable amount.

As at 31 December 2024, management identified an impairment trigger for its listed associates where the carrying amount of the investment was higher than its fair value based in prevailing market price. Management therefore performed an impairment assessment to calculate the value in use.

The Group's management had performed an impairment testing which indicate that the recoverable amount is higher that the carrying value. Accordingly, No impairment has been recorded for the year ended 31 December 2024.

Giving the material judgments and estimates involved in assessing the recoverable amounts of investment in associates, we have considered this as a key audit matter. Our audit procedures included, among others, evaluate management assessments whether objective evidence of impairment existed in relation to the Group's interest in the associates and the qualitative and quantitative factors used such as the investee's financial performance including dividends, market, economic or legal environment in which the associate operate.

We reviewed and evaluated the significant assumptions and valuation methods used by management, and the reasonableness and appropriateness of those assumptions and methods.

We focused on the adequacy of disclosures included in Note 10 to the consolidated financial statements.

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

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We have obtained the report of the Group's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the annual report after the date of our auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 International Accounting Standards Board ("IFRS Accounting Standards"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and adopting 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 Auditor's Report (Continued)

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

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

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

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

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

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

Among 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 considered as a key audit matter. We disclosed these matters in our auditor's report unless local laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (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 with the Parent Company's books. We further report that we obtained the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have a material effect on the Group's financial position or its business.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority, its related regulations and the related instructions, as amended, during the year ended 31 December 2024 that might have a material effect on the Group's financial position or its business.

Faisal Saqer Al Saqer
License No. 172 "A"
BDO Al Nisf & Partners

Kuwait: 23 March 2025

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated statement of profit or loss
For the year ended 31 December 2024

	Note	2024	2023
Continuing operations:		**KD**	KD
Revenue:			
Revenue from sales and services		**6,093,413**	4,658,875
Unrealized loss from change in fair value of financial assets at fair value through profit or loss		**(198,027)**	(43,648)
Realized (loss) / gain from sale of financial assets at fair value through profit or loss		**(65,672)**	25,708
Dividend income		**582,753**	724,344
Gain from partial sale of investment in an associate	10-b	**542,917**	-
Group's share of results from associates	10	**871,180**	(1,724,302)
Interest income		**37,208**	15,305
Other income		**67,250**	37,113
Total revenue		**7,931,022**	3,693,395
Expenses and other charges:			
Cost of sales and services		**(6,025,435)**	(5,825,580)
General and administrative expenses	6	**(1,893,930)**	(2,062,790)
Provision for expected credit losses	12	**(3,009,167)**	(2,048,703)
Impairment loss on investment in associates	10	**-**	(4,763,932)
Inventories written off		**-**	(20,317)
Portfolio management fees		**(34,637)**	(35,751)
Finance costs		**(2,256,233)**	(2,175,120)
Foreign exchange loss		**(29,007)**	(40,221)
Total expenses and other charges		**(13,248,409)**	(16,972,414)
Net loss for the year from continuing operations		**(5,317,387)**	(13,279,019)
Discontinued operations:			
Loss for the year from discontinued operations		**(25,217)**	(139,161)
Net loss for the year		**(5,342,604)**	(13,418,180)
Attributable to:			
Shareholders of the Parent Company		**(4,314,982)**	(12,212,849)
Non-controlling interests	5	**(1,027,622)**	(1,205,331)
Net loss for the year		**(5,342,604)**	(13,418,180)
Basic and diluted loss per share attributable to the Shareholders of the Parent Company (Fils)	7	**(7.07)**	(20.02)
Basic and diluted loss per share attributable to the Shareholders of the Parent Company from the continuing operations (Fils)	7	**(7.03)**	(19.79)
Basic and diluted loss per share attributable to the Shareholders of the Parent Company from discontinued operations (Fils)	7	**(0.04)**	(0.23)

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Note	2024 KD	2023 KD
Net loss for the year		**(5,342,604)**	(13,418,180)
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Exchange differences on translating of foreign operations		**1,750**	10,425
Group's share of other comprehensive income of associates	10	**869,586**	555,734
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")		**78,950**	(704,939)
Total other comprehensive income / (loss) for the year		**950,286**	(138,780)
Total comprehensive loss for the year		**(4,392,318)**	(13,556,960)
Attributable to:			
Shareholders of the Parent Company		**(3,377,054)**	(12,354,022)
Non-controlling interests		**(1,015,264)**	(1,202,938)
Total comprehensive loss for the year		**(4,392,318)**	(13,556,960)
Total comprehensive loss for the year attributable to:			
Continuing operations		**(4,367,101)**	(13,417,795)
Discontinued operations		**(25,217)**	(139,165)
Total comprehensive loss for the year		**(4,392,318)**	(13,556,960)

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated statement of financial position
As at 31 December 2024

	Note	2024	2023
Assets		**KD**	**KD**
Non-current assets:			
Property, plant and equipment	8	**10,737,419**	11,067,670
Intangible assets	9	**-**	8
Investment in associates	10	**46,791,133**	50,739,856
Financial assets at fair value through other comprehensive income	11	**948,524**	1,180,830
Accounts receivable and other debit balances	12	**4,613,723**	3,947,296
Total non-current assets		**63,090,799**	66,935,660
Current assets:			
Inventories		**4,840,164**	1,979,779
Accounts receivable and other debit balances	12	**16,364,845**	15,220,581
Financial assets at fair value through profit or loss	13	**19,939,747**	20,416,012
Cash and cash equivalents	14	**2,029,842**	1,381,659
		43,174,598	38,998,031
Non-current assets held for sale	15	**5,259,552**	-
Total current assets		**48,434,150**	38,998,031
Total assets		**111,524,949**	105,933,691
Equity and liabilities			
Equity			
Capital	16	**61,000,000**	61,000,000
Share premium	16	**-**	17,374,869
Statutory reserve	17	**-**	1,590,532
Fair value reserve of financial assets at FVOCI		**(4,847,681)**	(6,302,163)
Foreign currency translation reserve		**649,779**	862,344
Other reserves		**(233,225)**	23,027
Accumulated losses		**(5,487,019)**	(20,338,440)
Equity attributable to shareholders of the Parent Company		**51,081,854**	54,210,169
Non-controlling interests	5	**(3,924,483)**	(2,973,669)
Total equity		**47,157,371**	51,236,500
Liabilities			
Non-current liabilities:			
Employees' end of service benefits		**1,131,076**	1,644,616
Term loans	19	**6,481,057**	7,683,388
Accounts payable and other credit balances	20	**9,470,118**	1,798,247
Total non-current liabilities		**17,082,251**	11,126,251
Current liabilities:			
Term loans	19	**18,464,822**	16,801,990
Accounts payable and other credit balances	20	**26,638,583**	26,317,116
Bank overdraft	21	**881,179**	451,834
		45,984,584	43,570,940
Liabilities relating to non-current asset held for sale	15	**1,300,743**	-
Total current liabilities		**47,285,327**	43,570,940
Total liabilities		**64,367,578**	54,697,191
Total equity and liabilities		**111,524,949**	105,933,691

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

Abdullah Mohammad Alhajeri
Chairman

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated statement of changes in equity
For the year ended 31 December 2024

	Equity attributable to Shareholders of the Parent Company									
	Capital	**Share premium**	**Statutory reserve**	**Fair value reserve of financial assets at FVOCI**	**Foreign currency translation reserve**	**Other reserves**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total Equity**
	KD	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**	**KD**
As at 31 December 2023	**61,000,000**	**17,374,869**	**1,590,532**	**(6,302,163)**	**862,344**	**23,027**	**(20,338,440)**	**54,210,169**	**(2,973,669)**	**51,236,500**
Net loss for the year	-	-	-	-	-	-	**(4,314,982)**	**(4,314,982)**	**(1,027,622)**	**(5,342,604)**
Other comprehensive income / (loss):										
Changes in fair value of financial assets at FVOCI	-	-	-	**68,079**	-	-	-	**68,079**	**10,871**	**78,950**
Exchange differences on translating of foreign operations	-	-	-	-	**1,750**	-	-	**1,750**	-	**1,750**
Group's share of other comprehensive income / (loss) of associates (Note 10)	-	-	-	**1,327,008**	**(214,315)**	**(244,594)**	-	**868,099**	**1,487**	**869,586**
Other comprehensive income / (loss) for the year	-	-	-	**1,395,087**	**(212,565)**	**(244,594)**	-	**937,928**	**12,358**	**950,286**
Total comprehensive income / (loss) for the year	-	-	-	**1,395,087**	**(212,565)**	**(244,594)**	**(4,314,982)**	**(3,377,054)**	**(1,015,264)**	**(4,392,318)**
Transferred to accumulated losses due to the sale of financial assets at fair value through other comprehensive income	-	-	-	**59,395**	-	-	**(59,395)**	-	-	-
Share of other reserves of associates (Note 10)	-	-	-	-	-	**52,724**	**260,397**	**313,121**	**68**	**313,189**
Transfer from share premium and statutory reserve to set off accumulated losses (Note 22)	-	**(17,374,869)**	**(1,590,532)**	-	-	-	**18,965,401**	-	-	-
Change in non-controlling interest	-	-	-	-	-	**(64,382)**	-	**(64,382)**	**64,382**	-
As at 31 December 2024	**61,000,000**	-	-	**(4,847,681)**	**649,779**	**(233,225)**	**(5,487,019)**	**51,081,854**	**(3,924,483)**	**47,157,371**

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated statement of changes in equity
For the year ended 31 December 2024

	Equity attributable to Shareholders of the Parent Company									
	Capital	Share premium	Statutory reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total Equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
As at 31 December 2022 (Restated)	61,000,000	17,374,869	1,590,532	(5,695,488)	829,456	(548,894)	(8,304,847)	66,245,628	(1,770,820)	64,474,808
Net loss for the year	-	-	-	-	-	-	(12,212,849)	(12,212,849)	(1,205,331)	(13,418,180)
Other comprehensive (loss) / income:										
Changes in fair value of financial assets at FVOCI	-	-	-	(706,840)	-	-	-	(706,840)	1,901	(704,939)
Exchange differences on translating of foreign operations	-	-	-	-	10,425	-	-	10,425	-	10,425
Group's share of other comprehensive income of associates (Note 10)	-	-	-	79,810	22,463	452,969	-	555,242	492	555,734
Other comprehensive (loss) / income for the year	-	-	-	(627,030)	32,888	452,969	-	(141,173)	2,393	(138,780)
Total comprehensive (loss) / income for the year	-	-	-	(627,030)	32,888	452,969	(12,212,849)	(12,354,022)	(1,202,938)	(13,556,960)
Transferred to accumulated losses due to sale of financial assets at fair value through other comprehensive income	-	-	-	20,355	-	-	(20,355)	-	-	-
Share of other reserves of associates (Note 10)	-	-	-	-	-	118,952	199,611	318,563	89	318,652
As at 31 December 2023	61,000,000	17,374,869	1,590,532	(6,302,163)	862,344	23,027	(20,338,440)	54,210,169	(2,973,669)	51,236,500

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

Privatization Holding Company – K.P.S.C. and its subsidiaries
State of Kuwait

Consolidated statement of cash flows
For the year ended 31 December 2024

	2024	2023
	KD	KD
OPERATING ACTIVITIES		
Net loss for the year	**(5,342,604)**	(13,418,180)
Adjustments for:		
Unrealized loss from change in fair value of financial assets at fair value through profit or loss	**198,027**	43,648
Realized loss / (gain) from sale of financial assets at fair value through profit or loss	**65,672**	(25,708)
Dividend income	**(582,753)**	(724,344)
Gain from partial sale of investment in an associate	**(542,917)**	-
Group's share of results from associates	**(871,180)**	1,724,302
Interest income	**(37,208)**	(15,305)
Depreciation and amortization	**475,507**	481,286
Provision for expected credit losses	**3,009,167**	2,065,688
Impairment loss on investment in associates	**-**	4,763,932
Inventories written off	**-**	20,317
Gain from sale of property, plant and equipment	**(25,415)**	-
Finance costs	**2,256,233**	2,177,509
Foreign exchange loss	**29,007**	40,289
Provision for employees' end of service benefits	**108,436**	178,650
	(1,260,028)	(2,687,916)
Changes in operating assets and liabilities:		
Inventories	**(2,860,385)**	(238,641)
Accounts receivable and other debit balances	**(2,527,104)**	656,042
Financial assets at fair value through profit or loss	**212,566**	262,453
Accounts payable and other credit balances	**5,394,467**	963,812
Cash flows used in operating activities	**(1,040,484)**	(1,044,250)
Employees' end of service benefits paid	**(4,107)**	(2,515)
Net cash flows used in operating activities	**(1,044,591)**	(1,046,765)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(92,001)**	(364,045)
Proceeds from sale of property, plant and equipment	**66,543**	67,156
Proceeds from partial sale of investment in an associate	**1,416,287**	-
Purchase of investment in associates	**(525,000)**	(183,100)
Financial assets at fair value through other comprehensive income	**311,256**	71,580
Dividend income received from associates	**1,092,927**	1,922,037
Dividend income received	**582,753**	724,344
Interest income received	**8,730**	15,305
Net cash flows from investing activities	**2,861,495**	2,253,277
FINANCING ACTIVITIES		
Term loans	**445,947**	2,197,076
Bank overdraft	**429,345**	(965,422)
Finance costs paid	**(1,899,586)**	(2,107,780)
Net cash flows used in financing activities	**(1,024,294)**	(876,126)
Net increase in cash and cash equivalents	**792,610**	330,386
Foreign currency translation adjustments	**(144,416)**	(25,643)
Cash attributed to non-current assets held for sale	**(11)**	-
Cash and cash equivalents at beginning of the year	**1,381,659**	1,076,916
Cash and cash equivalents at end of the year (Note 14)	**2,029,842**	1,381,659
Non-cash transactions:		
Partial sale of investment in an associate	**2,661,334**	-
Accounts receivable and other debit balances	**(2,610,713)**	-
Purchase of investment in an associate	**(2,975,621)**	(1,137,500)
Accounts payable and other credit balances	**2,925,000**	1,137,500

The notes set out on pages 11 to 58 form an integral part of these consolidated financial statements.

1. Incorporation and activities

Privatization Holding Company - K.P.S.C. (the "Parent Company") is a Kuwaiti shareholding Company registered on 10 October 1994 and is listed on the Boursa Kuwait.

The Parent Company is licensed to:
- Invest in Kuwaiti and foreign shareholding companies and limited liability companies and to participate in the establishment and management of such entities.
- Lend to such entities and act as their guarantor.
- Utilization of excess funds in investment in financial portfolios or real estate portfolios through specialised parties inside or outside Kuwait.
- Invest in real estate, hold patents and copy rights, and advance loans to associates.
- Represent foreign consulting firms in local market.

The Group comprises the Parent Company and its subsidiaries. Details of subsidiaries are set out in Note 5.

The Parent Company registered office is located at Sharq, Ahmad Al-Jaber Street, Dar Al-Awadi Tower, 23 Floor, P.O. Box 4323, Safat 13104, Kuwait

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on 23 March 2025. The Annual General Assembly of the Parent Company's Shareholders has the power to amend these consolidated financial statements after issuance.

2. Application of new and revised international financial reporting accounting standards ("IFRSs")

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

The accounting policies used in the preparation of consolidated financial statements are consistent with those used in the previous year except for the changes resulting from the application of certain new and amended International Financial Reporting Accounting Standards beginning on or after 1 January 2024 (unless otherwise stated) and are explained below:

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

The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising from a sale and leaseback transaction, to ensure that the seller-lessee does not recognize any gain or loss related to the right-of-use that it retains.

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

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

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced that an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer payment is conditional on compliance with future covenants within twelve months.

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

2. Application of new and revised international financial reporting accounting standards ("IFRSs") (Continued)

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

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

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

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

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

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

Amendments to IAS (21) - Lack of Exchangeability
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity assesses whether a currency is convertible and how to determine the spot exchange rate when currencies are not convertible. The amendments also require disclosure of information that enables users of its financial statements to understand how the non-convertibility of a currency affects the entity's performance, financial position and cash flows or how this effect is expected to occur.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Early application is permitted, but must be disclosed.

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

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new presentation requirements in the statement of profit or loss, including specific total and subtotal values. In addition, entities must classify all revenues and expenses in the statement of profit or loss into one of five categories: Operating, investment, financing, income taxes and discontinued operations. The first three are new categories. The standard also requires disclosure of newly defined management performance measures, which represent subtotals of revenues and expenses, and includes new requirements for aggregating and disaggregating financial information based on the defined "roles" of the initial financial statements and notes. In addition, minor amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from "profit or loss" to "operating profit or loss" and canceling the option to classify cash flows from dividends and interest. In addition, there are modifications to several other criteria. IFRS 18, and amendments to other standards, are effective for financial reporting periods beginning on or after 1 January 2027, with early application permitted subject to disclosure. IFRS 18 will be applied retrospectively.

2. Application of new and revised international financial reporting accounting standards ("IFRSs") (Continued)

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

Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures
On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 relating to:

a. Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception being made for some financial liabilities that are settled through an electronic cash transfer system;
b. Clarify and provide additional guidance on how to assess whether a financial asset meets the SPPI criterion;
c. Adding new disclosures regarding certain instruments with contractual terms that could alter cash flows (such as certain instruments with characteristics linked to achieving environmental, social and governance objectives); and
d. Updates to disclosures related to equity instruments classified as fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026.

3. Material accounting policies

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), IFRIC interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") and Companies Law No. 1 of 2016 and its Executive Regulations, as amended.

3.2 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for investment property, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that have been stated at fair value.

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

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

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. Material accounting policies (Continued)

3.3 Classification of assets and liabilities to current and non-current

The Group presents the assets and liabilities in the consolidated statement of financial position based on their classification to current and non-current. The asset shall be current if:
a) Expected to be recognized, intended to be sold, or depreciated within the normal operational cycle.
b) Held primarily for the purpose of trading.
c) Expected to be recognized within twelve months following the reporting date, or
d) Cash and cash equivalents, unless its trading or usage is limited to settle an obligation for at least twelve months following the reporting date.

Except for the assets that are classified according to the above bases, all other assets shall be classified within the non-current assets.

The liability shall be deemed as current if it is:
a) Expected to be settled in the normal operating cycle;
b) Held primarily for the purpose of trading.
c) Expected to be settled within twelve months following the reporting date, or
d) There is no conditional right for postponing settlement of the liability for a period of at least twelve months after the reporting date.

Except for the liabilities classified under the basis described above, all other liabilities not satisfying the forgoing criteria are classified as non-current.

3.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (together the "Group").

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:
- Has power over the investee;
- Is exposed, or has rights to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. Material accounting policies (Continued)

3.4 Basis of consolidation (Continued)

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

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

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries.

Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

3.5 Revenue recognition

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

The Group follows a 5-step process:

- Identifying the contract with a customer.
- Identifying the performance obligations.
- Determining the transaction price.
- Allocating the transaction price to the performance obligations.
- Recognising revenue when / as performance obligations are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

3. Material accounting policies (Continued)

3.5 Revenue recognition (Continued)

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

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

The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:
- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining whether control of an asset has been transferred:
- The Group has a present right to payment for the asset.
- The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

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

Costs to obtain the contract
Incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. Sales commission incurred by the Group is expensed as the amortization period of such costs is less than a year.

Revenue for the Group arises from:

Sale of goods
Sales represent the total invoiced amount of goods sold during the year. Revenue from sale of goods is recognized when or as the Group transfers control of the goods to the customer. For standalone sales, that are neither customized by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

3. Material accounting policies (Continued)

3.5 Revenue recognition (Continued)

Rendering of services
Revenue from service contracts is recognized when the service is rendered. Revenue is recognized over time where performance obligations are generally satisfied within the financial period.

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

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

Production revenue
Production revenue are recognised on sale of serials / projects rendering the service. Revenue are recognised at a point in time when the performance obligations are satisfied on transferred to the customer.

Rental income
Rental income is recognized, when earned, on a time apportionment basis.

Revenue on sale of property
Revenue on sale of property is recognized on the basis of the full accrual method as and when all of the following conditions are met:
- A sale is consummated and contracts are signed;
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- The Group has transferred control to the buyer; and
- Work to be completed is either, easily measurable and accrued or is not significant in relation to the overall value of the contract.

Gain on sale of investments
Gain on sale of investments is measured by the difference between the sale proceeds and the carrying amount of the investments at the date of disposal and is recognized at the same date of the sale.

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

Interest income
Interest income is recognized on a time apportionment basis using the effective interest method.

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

3. Material accounting policies (Continued)

3.6 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, 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 as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in consolidated statement of profit or loss in the period in which they are incurred.

3.7 Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates, transfer to statutory reserve, and any accumulated losses. No KFAS has been provided for since there was no eligible profit on which KFAS could be calculated.

3.8 National Labor Support Tax (NLST)

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from associates and subsidiaries listed in Boursa Kuwait, share of NLST paid by subsidiaries listed in Boursa Kuwait, and cash dividends received from companies listed in Boursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial resolution No. 24 of 2006 and their Executive Regulations. No NLST has been provided for since there was no eligible profit on which NLST could be calculated.

3.9 Zakat

Zakat is calculated at 1% of the profit attributable to the shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration, and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006 and Ministerial resolution No. 58 of 2007 and their Executive Regulations. No Zakat has been provided for since there was no eligible profit on which Zakat could be calculated.

3.10 Taxation

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

3. Material accounting policies (Continued)

3.11 Segment reporting

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

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

3.12 Business combinations

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

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

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and the resulting gain or loss is included in the consolidated statement of profit or loss as appropriate. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IFRS 9: Financial Instruments. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

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

3. Material accounting policies (Continued)

3.13 Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and inspection, are normally charged to consolidated statement of profit or loss in the period in which the expenses are incurred. In situations where it can be clearly demonstrated that the expenses have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenses are capitalized as an additional cost of property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, their cost and accumulated depreciation are eliminated from the accounts and any profit or loss resulting from their disposal is included in the consolidated statement of profit or loss. The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amount 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, being the higher of their fair value less costs to sell and their value in use.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Land is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	Years
Office building and improvements	20-30
Machinery and equipment	6-20
Furniture and fixtures	4-10
Right of use	5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

3.14 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

3. Material accounting policies (Continued)

3.14 Intangible assets (Continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss. Intangible assets with finite lives are amortised on a straight-line basis over a period of 1 to 4 years.

Production of TV Shows
Production of TV Shows represents producing TV shows. Production of TV Shows is initially carried at cost, and subsequently measured at cost less accumulated amortization and impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

3.15 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, the Group's 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 the 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 recognized immediately in consolidated statement of profit or loss.

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

3. Material accounting policies (Continued)

3.16 Investment property

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

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

These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.17 Investment in associates

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

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

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate. Such long-term interests that, in substance, form part of the Group's net investment in the associate are accounted for in accordance with IFRS 9 Financial Instruments. The Group first applies impairment losses, if any, in accordance with IFRS 9 before applying share of losses of an associate to such long-term interests.

3. Material accounting policies (Continued)

3.17 Investment in associates (Continued)

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

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

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

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

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

3.18 Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. The interests, distributions, profits, and losses relating to financial instrument classified as liabilities are included as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are recorded at net when the Group has a legally enforceable right to settle the assets and liabilities at net and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include financial assets at fair value through other comprehensive income, accounts receivable and other debit balances, financial assets at fair value through profit or loss, cash and cash equivalents, term loans, accounts payable and other credit balances and bank overdraft.

3. Material accounting policies (Continued)

3.18 Financial instruments (Continued)

Financial assets:

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

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

Purchases and sales of those financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVPL.

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

Classification of financial assets
Financial assets are classified in the consolidated financial statements into the following categories upon initial recognition:
- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income.
- Equity instruments at fair value through other comprehensive income.
- Equity instruments at Fair value through profit or loss.

Subsequent measurement

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

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

3. Material accounting policies (Continued)

3.18 Financial instruments (Continued)

Financial assets: (Continued)

Subsequent measurement (Continued)
Financial assets carried at amortised cost consist of cash and cash equivalents and accounts receivable and other debit balances classified as debt instruments at amortized cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and at banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Receivables which are not categorised under any of the above are classified as "other debit balances".

Equity instruments at fair value through other comprehensive income (FVOCI)
Upon initial recognition, the Group may elect to classify irrevocably some of its 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.

Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the 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 cumulative changes in fair value to retained earnings in the statement of changes in equity. Interest income and dividends are recorded in consolidated statement of profit or loss.

The financial assets at FVOCI represent quoted and unquoted equity investments and funds and portfolios.

Financial assets at FVPL
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. Held-for-trading assets are recorded and measured in the consolidated statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value, gain on disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

The financial assets at FVPL are represented in quoted and unquoted equity investments and funds.

3. Material accounting policies (Continued)

3.18 Financial instruments (Continued)

Financial assets: (Continued)

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

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

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

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss. For debt instruments at FVOCI, the loss allowance is charged to consolidated statement of profit or loss.

Financial liabilities:

All financial liabilities are initially recognized at fair value and in case of loans, borrowings and creditors directly attributable transactions costs are discounted. All financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost using the effective interest rate method.

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

Borrowings
Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

3. Material accounting policies (Continued)

3.18 Financial instruments (Continued)

Financial liabilities: (Continued)

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

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

3.19 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Cost of finished goods is calculated using first-in first-out method. For other items of inventory, cost is calculated using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Write-down is made for obsolete and slow-moving items based on their expected future use and net realizable value.

3.20 Fair value of financial instruments

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

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

3.21 Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition 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. Management must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount or fair value less costs to sell. Intangible assets once classified as held for sale are not depreciated or amortized. Assets classified as held for sale are presented separately as current items in the consolidated statement of financial position.

3. Material accounting policies (Continued)

3.21 Non-current assets held for sale (Continued)

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining financial assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the consolidated statement of profit or loss. Subsequent gains are not recognized in excess of any cumulative impairment loss.

Assets that cease to be classified as held for sale (or cease to be included in a disposal group classified as held for sale) are measured at the lower of:

1. Its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale.

2. Its recoverable amount as at the date of the subsequent decision not to sell.

3.22 Equity, reserves and other equity items

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

Reserves (statutory and voluntary) represent retained amounts from annual profits being withheld in such accounts by virtue of requirements established in the Parent Company's Memorandum of Incorporation and Articles of Association and Companies' law and its Executive Regulations.

Other components of equity include the following:
- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Kuwaiti Dinars.
- Fair value reserve of financial assets at FVOCI – comprises gains and losses relating to financial assets at fair value through other comprehensive income.
- Other reserves – mainly comprises gains and losses arising from partial acquisition and disposal of subsidiaries and change in other reserves of associates.

Accumulated losses include current year loss and prior period accumulated losses.

3.23 Share premium

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

3. Material accounting policies (Continued)

3.24 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or cancelled. The 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 shareholders' 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 excess losses are charged to retained earnings, reserves, and then share premium respectively. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve 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.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to shareholders of the Parent Company.

3.25 Dividend distribution to shareholders

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Upon distribution of non-cash assets, any difference between the fair value of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of the consolidated statement of financial position.

3.26 Employees' end of service benefits

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

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The group's obligations are limited to these contributions, which are expensed when due.

3. Material accounting policies (Continued)

3.27 Foreign currency translation

Functional and presentation currency
Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

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

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

3.28 Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

3.29 Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

3. Material accounting policies (Continued)

3.30 Leases

The Group as a lessor
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Other lease contracts are classified as financing leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

Right of use assets
The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities, the cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3. Material accounting policies (Continued)

3.31 Related party transactions

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

4. Material accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management is required to make judgments, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Material accounting judgments

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

Classification of financial assets
On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in Note 3.

The Group's status as a principal
The Group regularly conducts a revision and assessment to determine whether its current status as a principal or an agent in its commercial transactions has changed. Such revision and assessment cover any change in the overall relationship between the Group and other parties dealing with the Group, which may mean that its current status as a principal or an agent has changed. Such as if changes occurred to rights of the Group or other parties, the Group would reconsider its current status as a principal or an agent. Initial assessment considers market conditions that originally led the Group to consider itself as principal working as a main principal or an agent in arrangements of revenues contracts. The Group concluded that it works as a main principal in all contracts and arrangements leading to revenues to the Group.

Revenue recognition
Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in Note 3.5 are met requires Material judgment.

4. Material accounting judgments and key sources of estimation uncertainty (Continued)

Material accounting judgments (Continued)

Classification of properties
Upon acquisition of properties, the Group classifies the properties into one of the following categories, based on the intention of the management for the use of the properties:

- *Properties under development*
  When the intention of the Group is to develop lands and properties in order to sell it in the future, both the land and the construction costs are classified as properties under development.

- *Properties held for trading*
  When the intention of the Group is to sell properties in the ordinary course of business, the properties is classified as properties held for trading.

- *Investment properties*
  When the intention of the Group is to earn rentals from properties or hold it for capital appreciation or if the intention is not determined for properties, the properties are classified as investment properties.

Provision for expected credit losses and inventory
The determination of the recoverability of the amount due from customers, marketable of inventory and the factors determining the impairment of the accounts receivable and inventory involve Material judgments.

Control assessment
When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Group's power to affect the investee's variable returns requires Material judgment.

Significant influence assessment
When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policy decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires Material judgment, involves consideration of the Group's representation on the investee's board of directors, participation in policy making decisions and material transactions between the investor and investee.

Leases
Material opinions on requirements for applying IFRS 16 include, among others, the following:
- Determine whether the contract (part thereof) contains a lease.
- Determine whether it is reasonably certain that extension or termination option will be exercised.
- Classification of lease agreements (when the entity is the lessor).
- Determine whether the variable payments are substantially fixed.
- Determine whether there are multiple leases in the arrangement.
- Determine the sale price of leased and non-leased items.

Estimates uncertainty

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

4. Material accounting judgments and key sources of estimation uncertainty (Continued)

Estimates uncertainty (Continued)

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

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

Leases
Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:
- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

Fair value of unquoted financial assets
If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

Valuation of investment properties
The Group carries its investment properties at fair value, with change in fair values being recognized in the consolidated statement of profit or loss. The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13.

Two main methods were used to determine the fair value of the investment properties:
- Income approach, where the property's value is estimated based on the income produced and is computed by dividing the property's net operating income by the expected rate of return on the property in the market, known as 'Capitalization Rate'.

- Comparative analysis is based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition and based on the knowledge and experience of the real estate appraiser.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4. Material accounting judgments and key sources of estimation uncertainty (Continued)

Estimates uncertainty (Continued)

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

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

For instance, if forecast economic conditions (i.e., gross domestic product, stock market capitalization) are expected to deteriorate over the next year which can lead to an increased number of defaults in the brokerage sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are 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 ECL on the Group's trade receivables and other debit balances is disclosed in Note 12.

5. Investment in subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

	Country of incorporation	Percentage of holding %		Activities
		2024	2023	
Held directly:				
Global Projects Holding Company – W.L.L. ("GPHC")	State of Kuwait	100%	99%	Investment
Specialized Environmental Services Company - W.L.L. ("SES")	State of Kuwait	100%	99%	Investment
Global Professional General Trading Building Material and Equipment of construction and Real Estate Company – W.L.L.	State of Kuwait	62%	62%	General trading and investment
Privatization Agriculture Contracting Company –W.L.L. **(a)**	State of Kuwait	99%	99%	General trading and contracting
Global Privatization Medical Company – W.L.L	State of Kuwait	100%	99%	Medical services
Global Specialized for Electrical Energy Company – W.L.L **(a)**	State of Kuwait	99%	99%	Electric power generation
Specialized Education for Establishing Schools Company – W.L.L **(a)**	State of Kuwait	99%	99%	Educational services
Daytona for Advertising Publishing Distribution and Production Company – W.L.L. **(Note 15-b)**	State of Kuwait	-	99%	Advertising and publishing
Privatization Holding Company – W.L.L. (Jordan)	The Hashemite Kingdom of Jordan	100%	100%	Manufacturing
PHC Renovation – LLC	USA	100%	100%	Real estate
Skills Entertainment for Theatrical production Company – W.L.L	State of Kuwait	-	99%	Organizing exhibitions, conferences and theatre production
Abyar Gulf Company for General Trading and Contracting - W.L.L. ("Abyar") **(b)**	State of Kuwait	50%	50%	General trading and contracting
Al Takhsis Al Mutamada General Trading and Contracting Company– W.L.L.	State of Kuwait	100%	99%	General trading and contracting
Held through GPHC:				
Elogics System Company – W.L.L.	State of Kuwait	100%	100%	IT services
Fairy Hub General Trading Company – S.P.C	State of Kuwait	100%	81.5%	General trading and contracting

5. Investment in subsidiaries (Continued)

a. The non-controlling interest of these subsidiaries is owned by other parties and waived in favor of the Parent Company. Accordingly, the Parent Company consolidated these subsidiaries as wholly owned subsidiaries.

b. The Group classified its 50% investment in "Abyar Gulf Company for General Trading and Contracting - W.L.L. ("Abyar")" as an investment in a subsidiary since the management believes the Group has the power to control the investee through key management, which is also a significant owner.

Subsidiaries with material non-controlling interests:

The Group's following subsidiaries have material non-controlling interests:

	Ownership interests held by the non-controlling interests		Loss Attributable to non-controlling interests		Carrying value of Non-controlling interests	
	2024	2023	2024	2023	2024	2023
	%	%	KD	KD	KD	KD
Abyar Gulf Company for General Trading and Contracting - W.L.L.	50%	50%	**(1,035,875)**	(1,182,078)	**(3,535,806)**	(2,499,931)
Individual immaterial subsidiaries with non-controlling interests			**8,253**	(23,253)	**(388,677)**	(473,738)
			(1,027,622)	(1,205,331)	**(3,924,483)**	(2,973,669)

Summarized financial Statements of Abyar Gulf Company for General Trading and Contracting – W.L.L. before inter-group eliminations are set out below:

Statement of financial position:	**2024**	**2023**
	KD	KD
Non-current assets	**454,240**	1,312,127
Current assets	**4,923,048**	5,508,500
Total assets	**5,377,288**	6,820,627
Non-current liabilities	**3,390,929**	288,891
Current liabilities	**9,057,971**	11,531,598
Total liabilities	**12,448,900**	11,820,489
Net assets	**(7,071,612)**	(4,999,862)
Ownership interest held by non-controlling interests (%)	**50%**	50%
Net assets attributable to non-controlling interests	**(3,535,806)**	(2,499,931)

Statement of profit or loss:	**2024**	**2023**
	KD	KD
Revenue	**313,336**	1,042,261
Expenses	**(2,385,086)**	(3,406,416)
Net loss	**(2,071,750)**	(2,364,155)
Ownership interest held by non-controlling interests (%)	**50%**	50%
Loss attributable to non-controlling interests	**(1,035,875)**	(1,182,078)

6. General and administrative expenses

	2024	2023
	KD	KD
Staff costs	**1,102,180**	1,289,468
Other expenses	**791,750**	773,322
	1,893,930	2,062,790

7. Basic and diluted loss per share attributable to the Shareholders of the Parent Company

Basic and diluted loss per share attributable to Shareholders of the Parent Company is calculated by dividing net loss for the year attributable to Shareholders of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	2024	2023
Net loss for the year attributable to Shareholders of the Parent Company (KD)	**(4,314,982)**	(12,212,849)
Weighted average number of shares outstanding (Shares)	**610,000,000**	610,000,000
Basic and diluted loss per share attributable to Shareholders of the Parent Company (Fils)	**(7.07)**	(20.02)
Basic and diluted loss per share attributable to the shareholders of the Parent Company from the continuing operation: (Fils)	**(7.03)**	(19.79)
Basic and diluted loss per share attributable to the shareholders of the Parent Company from the discontinued operation: (Fils)	**(0.04)**	(0.23)

8. Property, plant and equipment

	Lands	Office building and improvements	Machinery and equipment	Furniture and fixtures	Right of use	Total
	KD	KD	KD	KD	KD	KD
Cost:						
Balance as at 31 December 2022	1,384,865	2,149,261	10,830,519	428,688	134,601	14,927,934
Additions	-	-	354,190	9,855	-	364,045
Disposals	-	(23,312)	(28,799)	(66,292)	(134,601)	(253,004)
Foreign currency translation adjustments	-	5,023	11,262	163	-	16,448
Balance as at 31 December 2023	1,384,865	2,130,972	11,167,172	372,414	-	15,055,423
Additions	-	-	87,668	4,333	-	92,001
Disposals	-	(1,609)	(153,887)	(14,293)	-	(169,789)
Related to non-current assets held for sale (Note 15)	-	-	(24,000)	(27,104)	-	(51,104)
Foreign currency translation adjustments	-	15,069	35,346	514	-	50,929
Balance as at 31 December 2024	**1,384,865**	**2,144,432**	**11,112,299**	**335,864**	**-**	**14,977,460**
Accumulated depreciation:						
Balance as at 31 December 2022	-	361,435	2,938,300	345,598	58,319	3,703,652
Charge for the year	-	41,698	372,403	34,534	20,187	468,822
Related to disposals	-	(23,303)	(20,675)	(63,363)	(78,506)	(185,847)
Foreign currency translation adjustments	-	324	717	85	-	1,126
Balance as at 31 December 2023	-	380,154	3,290,745	316,854	-	3,987,753
Charge for the year	-	105,136	350,155	20,216	-	475,507
Related to disposals	-	(1,603)	(113,253)	(13,805)	-	(128,661)
Related to non-current assets held for sale (Note 15)	-	-	(13,067)	(23,930)	-	(36,997)
Foreign currency translation adjustments	-	(62,514)	4,552	401	-	(57,561)
Balance as at 31 December 2024	**-**	**421,173**	**3,519,132**	**299,736**	**-**	**4,240,041**
Net book value:						
As at 31 December 2024	**1,384,865**	**1,723,259**	**7,593,167**	**36,128**	**-**	**10,737,419**
As at 31 December 2023	**1,384,865**	**1,750,818**	**7,876,427**	**55,560**	**-**	**11,067,670**

Property, plant and equipment amounting to KD 5,555,718 have been pledged against certain term loans (Note 19).

9. Intangible assets

	TV-Shows	Total
	KD	KD
Cost:		
Balance as at 31 December 2022, 2023	2,063,078	2,063,078
Related to non-current assets held for sale (Note 15)	(2,063,078)	(2,063,078)
Balance as at 31 December 2024	-	-
Accumulated amortisation:		
Balance as at 31 December 2022	2,050,606	2,050,606
Charge for the year (a)	12,464	12,464
Balance as at 31 December 2023	2,063,070	2,063,070
Related to non-current assets held for sale (Note 15)	(2,063,070)	(2,063,070)
Balance as at 31 December 2024	-	-
Net book value:		
As at 31 December 2024	-	-
As at 31 December 2023	8	8

a) Amortization charged are allocated to cost of sales and services.

10. Investment in associates

The details of the Group's investment in associates are as follows:

Name of the company	Country of incorporation	Equity interest % 2024	Equity interest % 2023	Activities
Kuwait Building Materials Manufacturing Company - K.S.C.C. ("KBMMC")	State of Kuwait	46.99%	46.99%	Building materials
First Equilease for Equipment and Transportation - K.S.C. (Closed) ("FTC") **(a)**	State of Kuwait	16%	16%	Transportation services
Kingdom Electricity for Energy Investments – (PSC)	The Hashemite Kingdom of Jordan	20%	30%	Energy and industrial projects
Nawand Communications Holding Company - BSC (Closed) ("Nawand")	Kingdom of Bahrain	-	17.3%	Telecom services
Kuwait Pillars for Financial Investment Company – K.S.C.C.("KPFI")	State of Kuwait	42.98%	42.98%	Investments
National Industries Company – (K.S.C.P) **(a)**	State of Kuwait	14.10%	14.10%	Manufacturing and marketing building materials
Middle East Complex for Eng., Electronics & Heavy Industries - PLC ("MECE")	The Hashemite Kingdom of Jordan	48.37%	48.37%	General trading and contracting
Privatization Engineering General Building Contracting Company -WLL **(b)**	State of Kuwait	51%	51%	General Building Contracting
J3 for management & development of lands and real estate Company -WLL (J3) (Note 15-a)	State of Kuwait	15%	32.5%	PPP project with a residential and a mall component (BOT)

10. Investment in associates (Continued)

a) Investment in FTC and NIC have been classified as investment in associates since the Group exercises significant influence over these companies through representations on their Board of Directors and participation in their decision-making process in relation to their financial and operating policies.

b) The Group exercises significant influence over Privatization Engineering General Building Contracting Company for General Contracting - W.L.L. through participation in the decision-making process in relation to their financial and operating policies.

Movement in investment in associates during the year is as follows:

	2024 KD	2023 KD
Balance at beginning of the year	**50,739,856**	56,955,141
Additions (a)	**3,500,621**	1,320,600
Disposals (b)	**(3,534,704)**	-
Transfer to non-current assets held for sale (Note 15-a)	**(4,875,668)**	-
Cash dividends received from associates	**(1,092,927)**	(1,922,037)
Group's share of results from associates	**871,180**	(1,724,302)
Impairment loss	-	(4,763,932)
Group's share of other comprehensive income from associates' cumulative changes in fair value	**1,327,008**	79,810
Group's share of other comprehensive (loss) / income from associates' foreign currency translation adjustment	**(212,828)**	22,955
Group's share of other comprehensive (loss) / income from associates' other reserves	**(244,594)**	452,969
Other reserves	**313,189**	318,652
Balance at end of the year	**46,791,133**	50,739,856

a) Additions during the year ended 31 December 2024 represent additions in J3 For Management & Development of Lands and Real Estate Company - W.L.L. which include paid by related parties an amount which of KD 2,975,621.

b) During the year ended 31 December 2024, the Group partially sold its investment in an associate (Kingdom Electricity for Energy Investments – (PSC)) for an amount of KD 4,077,621 resulting in a gain of KD 542,917 recorded in the consolidated statement of profit or loss. Hence, the Group's investment in the associate reduced to 20% as at 31 December 2024. The Group continues to exercise significant influence over this associate.

The partial sale of investment in an associate was used to settle a loan of a related party obtained from foreign bank with an amount of KD 2,661,334 and the Group received the remaining balance of KD 1,416,287.

c) As at 31 December 2024, the fair value of the Group's investment in "National Industries Company – K.P.S.C. (NIC)" based on quoted exchange market prices was KD 8,412,786, and the carrying value of this associate exceeds its market price. The Group carried out impairment testing using approximate weightage for the market multiple method, dividend discount method, and market price method. Accordingly, it does not result in impairment loss.

10. Investment in associates (Continued)

Certain associates are quoted and listed in exchange markets. The carrying amount of the Group's investment in these listed associates is KD 13,119,580 (2023: KD 12,558,476) and its market value is KD 11,056,812 as at 31 December 2024 (2023: KD 11,299,027).

Investment in associates amounting to KD 33,385,458 (2023: KD 31,746,997) is secured against certain term loans (Note 19). Also investment in associates amounting to KD 2,153,076 (2023: KD 5,898,025) are secured against the guarantee of a term loan provided to a related party (Note 24).

Summarised financial statements of the Group's material associates are set out below:

31 December 2024	**KBMMC**	**KEC**	**KPFI**	**NIC**
	KD	KD	KD	KD
Assets:				
Current assets	4,020,888	163,626,450	12,304,926	61,079,362
Non-current assets	1,444,314	263,235,794	31,992,235	62,122,359
Liabilities:				
Current liabilities	(348,010)	(216,435,135)	(6,840,519)	(20,119,966)
Non-current liabilities	(770,116)	(170,107,350)	-	(9,215,372)
Net assets	4,347,076	40,319,759	37,456,642	93,866,383
Non-controlling interests	-	(8,956,348)	-	(840,885)
Net assets attributable to shareholders	4,347,076	31,363,411	37,456,642	93,025,498
Group's holding ownership (%)	47%	20%	42.98%	14.10%
Group's share of net assets	2,042,999	6,272,682	16,098,413	13,119,579
Adjustment due to loss from downstream transaction	-	-	289,003	-
Goodwill	439,867	2,339,620	131,265	-
Carrying value as at 31 December 2024	2,482,866	8,612,302	16,518,681	13,119,579
Revenue	1,943,546	206,730,656	1,325,735	51,421,501
Expenses and other charges	(1,866,209)	(202,985,977)	(1,969,758)	(45,359,892)
Net profit / (loss) attributable to Shareholders	77,337	3,744,679	(644,023)	6,061,609
Total comprehensive income	77,337	3,901,508	1,221,310	10,072,599
Group's share of total comprehensive income	36,346	806,526	524,904	1,420,560
Cash dividends received	142,489	455,568	-	494,870

10. Investment in associates (Continued)

31 December 2023	KBMMC	KEC	KPFI	NIC
	KD	KD	KD	KD
Assets:				
Current assets	4,110,125	181,406,872	12,784,926	62,920,798
Non-current assets	1,557,717	245,341,197	32,965,618	54,940,960
Liabilities:				
Current liabilities	(352,225)	(221,477,435)	(9,834,691)	(22,714,334)
Non-current liabilities	(742,690)	(167,510,701)	-	(8,117,451)
Net assets	4,572,927	37,759,933	35,915,853	87,029,973
Non-controlling interests	-	(10,086,691)	-	(1,441,276)
Net assets attributable to shareholders	4,572,927	27,673,242	35,915,853	85,588,697
Group's holding ownership (%)	47%	30%	42.98%	14.10%
Group's share of net assets	2,149,142	8,301,972	15,436,201	12,070,752
Adjustment due to loss from downstream transaction	-	-	289,003	-
Goodwill	439,867	3,494,078	131,265	4,763,932
Impairment loss	-	-	-	(4,763,932)
Carrying value as at 31 December 2023	2,589,009	11,796,050	15,856,469	12,070,752
Revenue	2,410,545	196,488,341	4,276,121	49,977,646
Expenses and other charges	(2,224,873)	(194,081,772)	(1,817,632)	(46,127,109)
Net profit attributable to Shareholders	185,672	2,406,569	2,458,489	3,850,537
Total comprehensive income	185,672	3,856,478	3,401,147	2,387,747
Group's share of total comprehensive income	87,260	1,156,944	1,461,772	336,749
Cash dividends received	71,245	711,241	644,681	494,870

11. Financial assets at fair value through other comprehensive income

	2024 KD	2023 KD
Quoted securities	**108,741**	372,914
Unquoted securities	**358,974**	354,463
Funds and portfolios	**480,809**	453,453
	948,524	1,180,830

Financial assets at fair value through other comprehensive income amounting to KD 560,334 (2023: KD 531,157) are secured against certain term loans (Note 19).

Valuation techniques of financial assets at fair value through other comprehensive income ("FVOCI") are disclosed in Note 27.

12. Accounts receivable and other debit balances

	2024 KD	2023 KD
Trade receivables	**8,924,031**	8,544,377
Due from related parties (a) (Note 23)	**10,357,075**	5,883,170
Interest receivable	**-**	3,000,000
Prepaid expenses and accrued income	**50,566**	64,116
Advances to project under progress	**6,182,728**	6,017,126
Advances to supplier	**609,145**	435,806
Other receivables	**156,433**	713,773
	26,279,978	24,658,368
Provision for expected credit losses (b)	**(5,301,410)**	(5,490,491)
	20,978,568	19,167,877

a) Due from related parties includes a balance of KD 2,700,697 resulting from settling a related party loan and scheduled the balance to be received in 7 yearly installments starting from March 2027 and carry affective interest rate 3.38% per annum.

b) The movement on provision for expected credit losses is as follows:

	2024 KD	2023 KD
Balance at the beginning of the year	**5,490,491**	3,424,803
Charge for the year	**3,009,167**	2,065,688
Used during the year	**(3,214,869)**	-
Foreign currency translation	**16,621**	-
Balance at the end of the year	**5,301,410**	5,490,491

Accounts receivable and other debit balances are represented in the following:

	2024 KD	2023 KD
Non-current portion	**4,613,723**	3,947,296
Current portion	**16,364,845**	15,220,581
	20,978,568	19,167,877

13. Financial assets at fair value through profit or loss

	2024 KD	2023 KD
Quoted securities	**12,096,359**	9,042,437
Unquoted securities	**7,754,664**	11,285,240
Mutual funds	**88,724**	88,335
	19,939,747	20,416,012

At 31 December 2024, the Group held certain equity securities of related parties with a carrying value of KD 3,416,062 (2023: KD 2,570,881).

Financial assets at fair value through profit or loss amounting to KD 18,013,530 (2023: KD 18,265,036) are pledged against certain term loans (Note 19).

Valuation techniques of financial assets at fair value through profit or loss are disclosed in Note 27.

14. Cash and cash equivalents

	2024 KD	2023 KD
Cash on hand and at banks	**1,337,995**	1,288,859
Short term bank deposit*	**320,000**	-
Cash at portfolios	**371,847**	92,800
	2,029,842	1,381,659

* As at 31 December 2024, short term bank deposit represent deposit in local banks and achieve an effective interest rate of 3.5% per annum. Short term bank deposit have contractual maturities of less than three months.

15. Non-current assets held for sale

	2024 KD	2023 KD
J3 for management & development of lands and real estate Company -W.L.L. (Note 10) (a)	**4,875,668**	-
Daytona for Advertising Publishing Distribution and Production Company - W.L.L. (Note 5) (b)	**383,884**	-
	5,259,552	-

a) During the year ending 31 December 2024, the Board of Directors approved the partial disposal of the Group's investment in an associate (J3). Accordingly, the Group signed a sale agreement to sell of 17.5% ownership interest in J3 for a total consideration of KD 9,931,250. The investment under disposal was classified as "Non-current assets held for sale" in accordance with IFRS 5 – "Non-current assets held for sale and discontinued operations" as of 31 December 2024, since the Group expects to complete the sale within one year from the reclassification date. The carrying amount of the investment in the associate for the portion sold is KD 4,875,668, and the Group has received an advance payment of KD 2,979,375.

b) During the year ending 31 December 2024, the Board of Directors approved the disposal of all the Group shares in Daytona for Advertising Publishing Distribution and Production Company - W.L.L. (a subsidiary of the Group). Accordingly, The Group signed the sale agreement for an amount of KD 405,000. The investment in Daytona for Advertising Publishing Distribution and Production Company - W.L.L. was classified as “Non-current assets held for sale” in accordance with IFRS 5 “Non-current assets held for sale and discontinued operations” as at 31 December 2024 since the Group expects to complete the sale within one year from the reclassification date.

15. Non-current assets held for sale (Continued)

The major items of assets and liabilities comprising the disposal group of the subsidiary classified as held for sale are as follows:

	2024
	KD
Assets:	
Property and equipment	**10,835**
Accounts receivable and other debit balances	**373,038**
Cash and cash equivalents	**11**
Total assets	**383,884**
Liabilities:	
Employees' end of service benefits	**50,826**
Accounts payable and other credit balances	**1,249,917**
Total liabilities	**1,300,743**
Net assets classified as held for sale	**(916,859)**

The results of operation related to the subsidiary under disposal for the year are as follows:

	2024	2023
	KD	KD
Cost of sales and services	**-**	(12,464)
General and administrative expenses	**(25,217)**	(111,578)
Provision for expected credit losses	**-**	(16,985)
Finance cost	**-**	(2,389)
Foreign exchange loss	**-**	(68)
Other income	**-**	4,323
Loss for the year	**(25,217)**	(139,161)

16. Capital and share premium

The authorized, issued and fully paid capital is KD 61,000,000 divided into 610,000,000 shares with a nominal value of 100 fils each and all shares are paid in cash.

Share premium represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

17. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. Distribution of statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount. Since there is a net loss for the year, there was no transfer to statutory reserve during the year.

18. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. Since there is a net loss for the year, there was no transfer to voluntary reserve during the year.

19. Term loans

	2024	2023
	KD	KD
Term loans obtained from local financial institutions and a related party and carry interest rate ranging from 1.5% to 4% per annum over the Central Bank of Kuwait discount rate	**15,747,734**	16,786,809
Term loans obtain from foreign financial institutions and carry interest rate ranging from 10% to 12% per annum	**9,198,145**	7,698,569
	24,945,879	24,485,378

Certain investment in subsidiaries, associates, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are secured against term loans (Note 10, 11 and 13).

Term loans are represented in the following:

	2024	2023
	KD	KD
Non-current portion	**6,481,057**	7,683,388
Current portion	**18,464,822**	16,801,990
	24,945,879	24,485,378

20. Accounts payable and other credit balances

	2024	2023
	KD	KD
Trade payables	**4,193,569**	2,672,093
Due to related parties (a) (Note 23)	**26,481,295**	19,868,208
Accrued expenses and other liabilities	**5,433,837**	5,575,062
	36,108,701	28,115,363

(a) Due to related parties balance including an amount of KD 3,018,000 due to a related party and its carry an interest rate of 1.5% over the Central Bank of Kuwait discount rate.

Accounts payable and other credit balances are represented in the following:

	2024	2023
	KD	KD
Non-current portion	**9,470,118**	1,798,247
Current portion	**26,638,583**	26,317,116
	36,108,701	28,115,363

21. Bank Overdraft

Bank overdraft represents a bank overdraft facility that carries an interest rate ranging from 6.5% to 12% (2023: 6.75% to 11.5%) per annum.

22. Annual General Assembly of the Parent Company's Shareholder

The Board of Directors' meeting held on 23 March 2025 proposed not to distribute cash dividends and not to distribute Board of Directors' remuneration for the year ended 31 December 2024. These proposals are subject to the approval of the Shareholders' Annual General Assembly.

The Parent Company's Shareholders' Annual General Assembly meeting held on 28 May 2024 approved the consolidated financial statements for the year ended 31 December 2023 and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2023. Also, it approved to set off part of accumulated losses of KD 18,965,401 as of 31 December 2023 through share premium of KD 17,374,869 and statutory reserve of KD 1,590,532.

The Parent Company's Shareholders' Annual General Assembly meeting held on 16 May 2023 approved the consolidated financial statements for the year ended 31 December 2022 and approved not to distribute cash dividends and Board of Directors' remuneration for the year ended 31 December 2022.

23. Related party transactions and balances

Related parties represent major Shareholders, associates, directors, 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 to be approved by the Group's management.

Transactions and balances with related parties included in the consolidated financial statements are as follows:

	2024	2023
Transactions included in consolidated statement of profit or loss:	**KD**	KD
Realized loss from sale of financial assets at fair value through profit or loss	**(74,801)**	-
Dividend income	**21,034**	53,703
Interest income	**28,320**	338
Portfolio management fees	**17,908**	21,404
Finance costs	**196,929**	213,154

	2024	2023
Balances included in consolidated statement of financial position:	**KD**	KD
Financial assets at FVOCI	**83,406**	50,608
Due from related parties (Note 12) (net of provision for expected credit losses)	**5,744,295**	3,953,483
Financial assets at fair value through profit or loss (Note 13)	**3,416,062**	2,570,881
Cash with portfolio manager	**357,820**	90,047
Term loans	**500,000**	500,000
Due to related parties (Note 20)	**26,481,295**	19,868,208

	2024	2023
Compensation to key management personnel:	**KD**	KD
Short-term benefits	**488,068**	531,825
End of service benefits	**65,020**	105,277
	553,088	637,102

24. Capital commitments and contingencies

	2024	2023
	KD	KD
Capital commitments		
Project commitments	**12,369,306**	12,782,483
Other commitments	**175,841**	930,360
	12,545,147	13,712,843

Contingencies

A. At the reporting date, the Group has provided performance bank guarantees to a customer and suppliers amounting to KD 2,640,124 (2023: KD 2,779,624) and to Public Authority for Housing Welfare amounting to KD 3,120,180 (2023: KD 3,120,180) and secure certain investments in associate (Note 10) against a term loan provided by a foreign financial institution to a related party as the loan amounting to KD 288,471 (2023: KD 3,184,323).

B. The Parent Company and other parties have guaranteed other party (debtor Company) personally against a loan of KD 72.6 million with National Bank of Kuwait (NBK) during 2012. The debtor Company subsequently signed loan renewal agreements, which the Parent Company was not a party on it, to combine the loan with other debts of natural and legal persons. Its agreed to a new maturity dates represented on eleven annual instalments commencing 15 June 2016 upon together with providing in-kind guarantees. The Parent Company has not renewed its guarantee obligations in renewal agreements.

The debtor Company settled under the new agreements and the remaining balance due was KD 11,049,644 (excluding interest). NBK initiated execution procedures on the balance against the debtor Company and guarantors including the Parent Company, being a guarantor. The Court rendered a judgment in the complaint filed by the Parent Company to stop execution of the agreement. Further, the Parent Company has filed a claim for invalidity of the agreement and expiration of the guarantee. on 13 June 2022, a verdict had issued dismissing the case, and judgment was appealed. On 28 September 2022 the "Court of Appeal" issued its verdict affirming the verdict issued by the "Court of First Instance" and it's appealed in the "Court of Cassation" and the appeal was rejected by Counselling room on 30 May 2023. The management believes that the bank cannot implement the guarantee bond on the Parent Company at the present time.

The Group's management believes that the Parent Company is neither a party nor obligated by the guarantee agreement and its is not possible to estimate any financial impact that could arise from these lawsuits. Further, according to the Group's lawyer's opinion, there is no expected financial effect on the Group.

25. Segmental information

For management purposes, the Group is organized into business units based on nature of business and has two reportable operating segments as follows:

i) Investment segment represents trading in equities including certain investment in associates and other strategic investments; and
ii) Other segment represents rendering of non-investment services and general trading and contracting.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments.

	Investment		Other		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
	KD	KD	**KD**	KD	**KD**	KD
Revenue	2,835,029	2,685,347	5,095,993	1,008,048	7,931,022	3,693,395
Segment profit \ (loss)	288,570	(3,898,472)	(5,605,957)	(9,380,547)	(5,317,387)	(13,279,019)
Other disclosures:						
Depreciation (Note 8)	(9,123)	(4,315)	(466,384)	(464,507)	(475,507)	(468,822)
Group's share of results from associates (Note 10)	1,936,613	1,998,514	(1,065,433)	(3,722,816)	871,180	(1,724,302)
Assets	84,478,642	79,053,665	27,046,307	26,880,026	111,524,949	105,933,691
Liabilities	32,574,267	26,258,067	31,793,311	28,439,124	64,367,578	54,697,191
Other disclosures:						
Investment in associates (Note 10)	46,791,133	50,339,116	-	400,740	46,791,133	50,739,856
Additions to property, plant and equipment (Note 8)	4,389	4,296	87,612	359,749	92,001	364,045

25. Segmental information (Continued)

Geographic information

The Group operates in two geographic regions; Kuwait and Non-Kuwait. The following table shows the distribution of the Group's segment revenue and non-current assets by region:

	2024	2023
	KD	KD
Revenue		
Kuwait	**1,418,996**	3,128,185
Non-Kuwait	**6,512,026**	565,210
	7,931,022	3,693,395

The revenue information above is based on the location of the assets generating the income.

	2024	2023
	KD	KD
Non-current assets		
Kuwait	**38,876,608**	39,351,752
Non-Kuwait	**24,214,191**	27,583,908
	63,090,799	66,935,660

26. Financial risk management

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

The Parent Company's Board of Directors is ultimately responsible for the overall risk management and for approving risk strategies and principles. The Group's risk management focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance. Long term financial investments are managed to generate lasting returns.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The most Material financial risks to which the Group is exposed are described below.

26.1 Market risk

a) Foreign currency risk

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

The Group mainly operates in Kuwait and the Middle East and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar, Euro, Jordanian Dinar, Egyptian Pound and others. The Group's financial position can be Materially affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

26. Financial risk management (Continued)

26.1 Market risk (Continued)

a) Foreign currency risk (Continued)

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

	2024	2023
	KD	KD
US Dollar	**(1,037,821)**	(1,507,430)
Jordanian Dinar	**3,070,929**	93,462
Egyptian Pound	**25,340**	145,242
Others	**(282,690)**	138,880

The foreign currency sensitivity is determined based on 5%, increase or decrease in exchange rates. If the Kuwaiti Dinar had strengthened / (weakened) against the foreign currencies assuming the above sensitivity, then this would have the following impact on the profit or loss for the year and equity:

	2024		2023	
	Effect on profit or loss	Effect on other comprehensive income	Effect on profit or loss	Effect on other comprehensive income
	KD	KD	KD	KD
US Dollar	±75,932	±24,041	±98,044	±22,673
Jordanian Dinar	±148,114	±5,432	±632	±4,042
Egyptian Pound	±1,267	-	±7,262	-
Others	-	±10,599	±212	±6,372

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

b) Equity price risk

Equity price risk is the risk that fair values of equity securities fluctuate as a result of changes in the level of equity indices and the value of the individual stocks.

The Group is exposed to equity price risk mainly to its quoted securities. To manage its equity price risk the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting date.

26. Financial risk management (Continued)

26.1 Market risk (Continued)

b) Equity price risk (Continued)

If prices had been 5% higher/lower, the effect on the changes in profit or loss, other comprehensive income for the years ended 31 December 2024 and 2023 as follows:

	2024		2023	
	Effect on profit or loss	**Effect on other comprehensive income**	**Effect on profit or loss**	**Effect on other comprehensive income**
	KD	**KD**	KD	KD
Financial assets at fair value through other comprehensive income	-	±5,437	-	±18,646
Financial assets at fair value through profit or loss	±604,818	-	±452,122	-

c) Interest rate risk

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

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's term loans and banks overdraft with floating interest rates as well as term deposits. The effect on Group's profit due to (increase) / decrease in the interest rate by 25 basis points, with all variables held constant is as follows

	2024	**2023**
	KD	KD
Effect on profit or loss	±40,196	±38,578

The calculations are based on the group's financial instruments held at each consolidated financial position date.

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

26.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, short term bank deposits and accounts receivable and other debit balances. Accounts receivables and other debit balances are presented net of allowance for expected credit losses.

26. Financial risk management (Continued)

26.2 Credit risk (Continued)

Trade receivables

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a Material financing component. In measuring the expected credit losses, trade receivables have been assessed on a collective basis respectively and grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profile for sales over the past or aging profile of customers over the past 3-5 years before 31 December 2024 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered Material within the reporting period.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

During the year ended 31 December 2024, the Group has recorded additional provision for expected credit losses of KD 3,009,167 (2023: KD 2,048,703).

Deposits and bank balances

The Group's cash at banks and short term bank deposits measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash and deposits are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

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

	2024	**2023**
	KD	KD
Cash and cash equivalents (excluding cash on hand)	**2,013,274**	1,375,911
Accounts receivable and other debit balances (excluding prepayments and advances)	**14,136,129**	12,650,829
	16,149,403	14,026,740

26.3 Liquidity risk

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

26. Financial risk management (Continued)

26.3 Liquidity risk (Continued)

The table below summaries the maturity profile of the Group's financial liabilities. The maturities of financial liabilities have been determined on the basis of the remaining period from the consolidated financial position date to the contractual maturity date.

The contractual maturity profile of the financial liabilities based on undiscounted cash flow is as follows:

	Less than 3 months	3 to 12 months	Over 1 year	Total
	KD	KD	KD	KD
2024				
Term loans	**202,572**	**18,262,250**	**6,481,057**	**24,945,879**
Bank overdraft	**881,179**	**-**	**-**	**881,179**
Accounts payable and other credit balances (excluding advances)	**12,569,304**	**13,512,333**	**9,470,118**	**35,551,755**
	13,653,055	**31,774,583**	**15,951,175**	**61,378,813**
2023				
Term loans	201,687	16,600,303	7,683,388	24,485,378
Bank overdraft	451,834	-	-	451,834
Accounts payable and other credit balances (excluding advances)	6,688,150	19,156,096	1,798,247	27,642,493
	7,341,671	35,756,399	9,481,635	52,579,705

27. Fair value measurement

27.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

27. Fair value measurement (Continued)

27.2 Fair value measurement of financial instruments

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

	2024	2023
	KD	KD
Financial assets:		
Financial assets at fair value through other comprehensive income:		
Financial assets at fair value through other comprehensive income	**948,524**	1,180,830
Financial assets at amortised cost:		
Accounts receivable and other debit balances (excluding prepayments and advances)	**14,136,129**	12,650,829
Cash and cash equivalents	**2,029,842**	1,381,659
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	**19,939,747**	20,416,012
	37,054,242	35,629,330
Financial liabilities:		
Financial liabilities at amortised cost:		
Term loans	**24,945,879**	24,485,378
Accounts payable and other credit balances (excluding advances)	**35,551,775**	27,642,493
Bank overdraft	**881,179**	451,834
	61,378,833	52,579,705

Management considers that the carrying amounts of all financial assets and liabilities, which are stated at amortized cost, approximate their fair values.

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

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

2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	KD	**KD**	**KD**	**KD**
Financial assets at fair value through other comprehensive income:				
Quoted securities	**108,741**	-	-	**108,741**
Funds and portfolios	-	**480,809**	-	**480,809**
Unquoted securities	-	-	**358,974**	**358,974**
Financial assets at fair value through profit or loss:				
Quoted securities	**12,096,359**	-	-	**12,096,359**
Mutual funds	-	**88,724**	-	**88,724**
Unquoted securities	-	**897,896**	**6,856,768**	**7,754,664**
	12,205,100	**1,467,429**	**7,215,742**	**20,888,271**

27. Fair value measurement (Continued)

27.2 Fair value measurement of financial instruments (Continued)

2023	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through other comprehensive income:				
Quoted securities	372,914	-	-	372,914
Funds and portfolios	-	453,453	-	453,453
Unquoted securities	-	-	354,463	354,463
Financial assets at fair value through profit or loss:				
Quoted securities	9,042,437	-	-	9,042,437
Mutual funds	-	88,335	-	88,335
Unquoted securities	-	856,267	10,428,973	11,285,240
	9,415,351	1,398,055	10,783,436	21,596,842

During the year, there were no transfers between levels 1, 2 and 3.

28. Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its Shareholders through the optimization of the capital structure to reduce the cost of such financial recourses.

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

The Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by the total equity and net debt as follows:

	2024 KD	2023 KD
Term loans	**24,945,879**	24,485,378
Bank overdraft	**881,179**	451,834
Less: Cash and cash equivalents	**(2,029,842)**	(1,381,659)
Net debt	**23,797,216**	23,555,553
Equity attributable to Shareholders of the Parent Company	**51,081,854**	54,210,169
Total capital and net debt	**74,879,070**	77,765,722
Gearing ratio	**31.78%**	30.29%

29. Legal claims

There are legal cases being raised by and against the Group as of 31 December 2024 and according to the available information, it was not possible to reliably estimate the liability due for certain cases.

30. Comparative figures

Certain of the comparative figures of the year ended 31 December 2023 have been reclassified to conform to the amounts of the current year's presentation. Such reclassification did not result in any impact on net loss or equity for the previous year.